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Building Capability for Policy Analysis

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Demand for developing indigenous capability for policy analysis has grown in Asia and Latin America but remains weak and unstable in Africa. Strategies for developing such capability depend on strengths and attitudes of government and private sectors.

After reviewing donor experience in building capability for policy analysis, Paul, Steedman, and Sutton conclude that:

- Capability and demand for policy research and advice continue to be weak and unstable in Africa, where there are few well-trained macro-economists and where governments have a problem retaining competent analysts.
- Capability and demand for policy analysis have grown in Asia and Latin America. In some countries, a few economists and related professionals have significantly improved economic policy formulation.
- Autonomous (arm's length) centers for policy analysis are increasingly influential in building policy capability in Asia and Latin America, but less so in sub-Saharan Africa. Foreign assistance has provided critical support for these centers.

Success in building policy capability will depend upon the extent to which:

- Donors and recipient governments under-

take coordinated, long-term efforts to build that capability.

- Suitable incentives are provided for professionals, particularly in semi-autonomous centers.
- Steps are taken to stimulate government demand for policy analysis.
- Donors support a few rather than too many institutions.

Strategies for developing indigenous capabilities for policy analysis will vary from country to country. In countries where non-government clientele and sources of support are limited but government is interested, the initial focus should be on strengthening government capability. Countries where there is demand for policy analysis in both the government and private sector may be ripe for arm's length centers for policy analysis. If such centers are not appropriate, private sector associations could help set up policy analysis units. In countries where the private sector is weak, academic institutions with close links to government may help create some local capability.

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Introduction

Many developing countries have undertaken wide ranging policy reforms to accelerate the process of structural adjustment in the wake of the economic crisis of the 1980s. The pace and complexity of reforms have no doubt strained the limited capacities of their governments and in particular their ability to generate, analyze and evaluate policy options and to negotiate with donors on the nature and scope of desirable and feasible policy reforms. Nowhere is this capacity constraint more evident than in Sub-Saharan African countries where international donors and expatriate advisers have provided much of the required "policy analysis" in support of macroeconomic reforms. While there may be no alternative to external assistance in times of crisis, there is no doubt that the long-term sustainability of reforms will be aided by the creation of at least a modest level of indigenous capacity for policy analysis in these countries. Policy analysis is defined here as the task of analyzing and evaluating public policy options in the context of given goals for choice by policymakers or other relevant actors.

The usefulness of policy analysis is by no means limited to macroeconomic management. It is equally relevant to sectoral and program-related policy issues. The scope and tools of policy analysis can therefore be adapted to the needs of a variety of policy concerns. As will be explained below, while economics is the dominant building block, other

disciplines and perspectives have also been drawn upon in the course of the evolution of this field.¹ The analysis of policy options, for example, is aided by the use of quantitative modeling and statistical methods. The political and institutional implications of the options are legitimate inputs for their evaluation. More specifically, policy analysis must take into account the implementability of the alternatives under review, thus bringing in a managerial dimension to the process. Policy analysis thus entails much more than the use of economics. This multi-disciplinary perspective has relevance to the analysis of macroeconomic as well as sectoral policy issues.

This paper attempts to examine the concept and scope of policy analysis and to distill the lessons of experience in building the capacity for policy analysis in a number of developing countries over the past three decades. It does not purport to be a comprehensive review, but rather an assessment of what selected donors who have been active in this field have learned about capacity building in policy analysis in Africa, Asia and Latin America and which illustrate different types of country contexts.² Its findings will be of interest not only to Bank staff, but also to developing

¹ Graduate curricula for policy analysis in American Universities generally consist of (1) economic theory and analysis; (2) quantitative methodology including mathematical programming, modeling and statistics; (3) the political and institutional environment of policy formation and implementation; (4) behavioral and non-behavioral decision making and implementation strategies and processes; and (5) program management, control and evaluation. Courses on ethics and values are also becoming popular.

² Several governments have on their own taken steps to strengthen their policy-making and analytic processes. Data on such indigenous efforts are scanty. This paper has not assessed their experiences and impact, but concede that the subject warrants special attention.

country governments and donor agencies. Those who wish to revisit the problem of capacity building or to design new strategies for strengthening policy analytic skills in a developing country or region may wish to review these lessons of donor experience before embarking on new initiatives.

The experiences summarized in the paper were first reviewed as part of a study on "Capacity Building for Policy Analysis in Sub-Saharan Africa" which was initiated by the Public Sector Management Unit of the World Bank in 1986 in collaboration with the two Africa Regions and the Economic Development Institute.³ The impulse for the study was the growing concern in the Bank about the limited impact of project lending on institutional development in Africa and the need to develop longer term multi-donor support to facilitate sustainable development for which indigenous capacity for policy analysis and management is an important prerequisite. The original plan was to review donor experiences in this field, to consult with Sub-Saharan African leaders and scholars on their perceptions of and experiences with the problems of capacity building, and to prepare an action program for strengthening the capacity for policy analysis in the region through a process of African and donor participation. Following the Bank's reorganization, however, the project has been transferred to the Africa Region.

³ This initiative was triggered by a presentation on "capacity building and the sustainability of development in Africa" by Samuel Paul at the OPS Senior Management Retreat (World Bank) held in December 1985. In January 1989, the Bank's Africa Region (post-reorganization) convened a meeting of donor representatives to exchange ideas on an action program for "Capacity Building for Policy Analysis and Economic Management."

The two reviews of capacity building experiences in different regions prepared for this study - one on Asia and Latin America by Francis Sutton and the other on Sub-Saharan Africa by David Steedman - are appended to this paper. Sutton examines the capacity building experiences in countries with widely varying characteristics. His paper deals with policy analytic as well as public management capacity building experiences and is broader in scope than the paper by Steedman which focuses more specifically on policy analytic capacity building in a more limited set of country contexts. The latter paper is largely on the donor experiences in Africa in creating such capacity outside of government.⁴ This is not to downplay the efforts made to date to strengthen policy analytic skills within African governments. They have not, however, been as intensive and long term in their scope as those attempted in Asia. The World Bank, for example, has taken the initiative in recent years to examine this problem and to provide technical assistance in several countries to strengthen their capacity for macroeconomic policy formulation and financial management. Collaborative research projects have been funded by the Bank which have provided useful opportunities for developing country experts to gain experience in policy analytic work. Furthermore, through the Economic Development Institute's (EDI) senior policy seminars and other collaborative training programs with partner institutions in borrower countries, the Bank has sensitized a number of officials of many governments on the importance and relevance of policy analysis. Most of these

⁴ A third paper prepared for the study by Shanta Devarajan was a "disguised case study" of a specific intervention by a donor in a developing country to strengthen its policy analytic capacity. The case study "Transferring Policy Analytic Capability to Sub-Saharan Africa" is available separately for those interested.

interventions, however, are still fairly recent and have not, for the most part, focused on the long term strengthening of institutional capacity for policy analysis in the broad sense of the term. This paper has not examined these recent Bank interventions as it is too early to seek evidence on their outcomes and impact on capacity building.

This paper is divided into three parts. The first section will examine the concept, scope and limitations of policy analysis. This is followed by a discussion of the factors that should be taken into account in deciding when to intervene to strengthen policy analytic capacity in a country. The last section summarizes the major lessons of donor experience in policy analytic capacity building in Africa, Asia and Latin America. Details of these experiences are provided in the appendices to the paper.

I. Policy Analysis: Nature, Scope and Limits

The domain of policy analysis is the choice among well-defined policy alternatives in furtherance of complex but compatible goals. The discipline that has contributed most to the policy choice is economics which is concerned with choosing among alternative actions to achieve optimally a given mix of objectives. As noted earlier, policy analysis has relevance to a wide range of issues at the macroeconomic level, and at the level of individual sectors and programs of action. At the macro level, for example, economics is the dominant discipline for the analysis of fiscal, monetary and trade policies. The executive branch (Ministries of Finance, Planning, etc.)

in most governments has groups of economic and financial experts to design, review and evaluate such policies. In both developed and developing countries, there are autonomous institutions outside of government which provide macroeconomic policy analysis and advice to government agencies and other clients. At the sectoral level and to a lesser extent at the macroeconomic level, economics has interacted with other disciplines to generate and evaluate the relevant policy alternatives. Thus technology, sociology, political science, etc., have had some insights to enrich the policy analysis relevant to agricultural programs, and pricing and investment issues. The same is true of sectors such as energy, defense, health and education. It was in the context of defense policy and the choice of weapon systems in the 1960s that policy analysis attracted significant attention in the U.S.A. Interdisciplinary analysis with economics as the lead discipline has been applied extensively also to a variety of social programs in some countries. ⁵

There are multiple sources of policy analysis and policymaking within governments. Not all policies are necessarily well articulated nor is policy analysis left solely to government economists or other professional "policy analysts." Some of the major policies of governments may be enshrined in the constitutions of the countries concerned. A statement in the constitution that universal primary education will be provided is a declaration of policy. It is the law which in many cases gives the first

⁵ Interdisciplinary analysis through collaboration between different specialties has by no means been easy. See Raymond Vernon, "Swan Song," Journal of Policy Analysis and Management, Summer, 1985, p. 577.

intimation of "policy." Legislation on land reform or nationalization may signal major policy shifts without being preceded by well-analyzed or articulated policy statements. Often, policy is made by the courts through their verdicts which ask governments to follow certain directives. The judicial process, however, is often unable to formulate and to consider issues in straightforward policy terms, and has a restricted choice of instruments through which to enforce its decisions.⁶ More often than not, specific policy statements originate from the executive branch of governments (e.g., industrial policy, technology or energy policy, etc.) Policy statements may remain aspirational, as when they are enshrined in the constitution, but their effectiveness can be sabotaged through executive action or inaction.⁷

The potential and the scope of policy analysis are clearly affected by the multiple sources of and influences on policymaking. It is not that economics or other disciplines underlying policy analysis are not relevant to policymaking. Rather, the processes of policymaking and the state of demand for policy analysis within governments are such that the scope for a systematic analysis and evaluation of policy options may remain limited. As a result, there is considerable variability among countries with respect to the extent to which formal policy analysis is utilized by governments. It is fair to say that in dealing with certain standard macroeconomic problems, quite a few governments undertake policy analysis at least up to a modest level of

⁶ Thomas Schelling, "Policy Analysis as a Science of Choice," in R. S. Ganapathy, et. al., Public Policy and Policy Analysis in India, Sage, London, 1985, p. 22.

⁷ S. Guhan, "Towards a Policy for Analysis," Ibid, p. 258.

technical sophistication. The fact that donors are the major providers of this service in many LDCs shows that their governments are yet to attain even this modest level. But even in the more developed countries, it has not been easy to institutionalize policy analysis within the government hierarchy. In the U. K., for example, much progress was made in the 1970s to create the capacity for systematic policy analysis within the government. Following the recommendations of the Fulton Commission, policy analysis and planning units were created in most departments of the British Government and a Policy Unit was established in the Prime Minister's Office in 1974. The bureaucracy, however, was not fully supportive of this initiative. Nor have academic centers or scholars been as active in policy relevant research in the U. K. as their counterparts in the U. S. A.

Analysis, Values, and Interests

The weak demand for policy analysis within governments is only in part explained by the lack of understanding on the part of the policy-making elites (politicians, bureaucrats, etc.) of the utility of policy analysis. Their indifference to policy analysis may also be due in part to the poor quality of available policy analysis. The problem of poor understanding, of course, can be overcome to a large extent through the education of policymakers and their sensitization to the benefits of policymaking. The quality problem, on the one hand, calls for the upgradation of the analytical and communication skills of policy advisers. It is not clear, however, that the demand problem facing policy analysis will be adequately resolved through

these measures. Even when policymakers are instructed in the use of policy analysis, they may not wish to let the choice of options be guided by analytical inputs in certain critical cases. Analysis may reduce the area of ignorance and yet may be given a back seat as other more weighty factors are given priority. The experience of both developed and developing countries has shown that while policy analysis has been effectively used in the context of relatively small policy concerns, it has been much less influential in the resolution of major national policy problems. This paradox deserves a word of explanation.

In the final analysis, all policy choices are political choices. Choices tend to affect different interest groups in society differently. Their perspectives on policy issues and their preferred ways to deal with them therefore tend to vary a great deal. These differences in turn reflect the conflicts in the objectives that different interest groups including policymakers would like to achieve when faced with a policy problem. Analysis is helpful when a consensus on objectives exists or when routine policy problems have to be dealt with. When grand policy problems emerge and unusually important directional changes must be navigated, it is unlikely that leaders will leave the choices to be driven by technical analysis alone. This is not to denigrate the usefulness of policy analytic insights, but to emphasize that large policy issues are matters less of uncertainty than of genuine conflict about which way to go. These are situations where intuition tends to take over and analysis is given a subsidiary role. To quote Thomas Schelling:

"When values conflict, analysis cannot resolve them. Analysis may be good at helping an individual choose in the light of his own values. Analysis may be good at helping like-minded individuals with compatible values choose the best means of achieving commonly held objectives. But when the goal is in dispute, there may be little that analysis can do. True, if compromise is desperately needed there is an 'integrative' function for analysis: sorting out those compromises that minimize the sacrifices that need to be made by both sides. But there are disputes in which the partisans would rather risk all to win all than to compromise, because the compromises are merely intermediate and not superior points; there are disputes in which some crucial participants prefer non-reconciliation to any compromise that might resolve the issue; and there are even disputes that are most readily compromised if a little deception, even self-deception, can be enjoyed. Analysis that spotlights the points in dispute can even inhibit the process by which old positions are abandoned, reversals are rationalized, and wishes can color results."⁸

Grand policy problems in the U. S. A. pertaining to national defense, racial integration, drugs, etc., are cases in which policy analysis has not made a major impact. Similarly, good policy analysis has been done on energy alternatives in several countries. Yet, political decisions in this field have seldom been affected by the careful analysis of policy options. Policies concerning the economic role of expatriate/ethnic minorities, subsidies, debt, divestiture, etc., are issues which get caught in the incompatibility of the beliefs and values of the participants involved. Analysis can be used, for example, to show that expatriate investments and services could contribute more to the growth of a country. In some cases, political leaders may not lack the knowledge of the costs and benefits involved. Yet they may not opt for what appears to be a rational choice because of a conflict of interests and values. Analysis can shed only partial

⁸ Schelling, op. cit. p. 22.

light on the means for the resolution of the incompatibility problem and the generation of imaginative policy alternatives for consideration by the key actors in decision making.

Technical experts in policy analysis are likely to highlight the "rational choice" dimension of their subject, ignoring the problems of values and conflicts. In the real world, however, the relevance and value of analysis will perhaps be much greater when viewed as a paradigm of conflict. The type of analysis that identifies and assesses policy options need not necessarily be the kind that can resolve or win a policy conflict.⁹ This is because the analysis of the interests and the participants in a policy conflict may be as important as the analysis of the issue. While in principle the policy analyst can be an impartial advisor who evaluates alternative policy options for decisionmakers to choose from, in reality he or she may not remain a neutral person, but may use analysis to understand both the issues and interests, make a choice for himself/herself consistent with his/her values, and act as a participant in the dispute. In such cases, policy analysis plays the role of an instrument in a contest.

Multiple Sources of Analysis

The limits to policy analysis highlight the importance of building multiple sources for generating such analysis. There are three major institutional sources which are found in many countries. These are in house

⁹ Ibid, p. 27.

units for policy analysis within government agencies, private sector associations or foundations as a source of policy analysis or advice, and autonomous centers of policy analysis. Since government is the primary user of policy analysis and advice, it is customary to give priority to the building of policy analytic capacity within governments. Special attention is given, for example, to the creation of policy analysis units in the ministries of finance and planning which deal with macroeconomic problems. Training in policy analysis is often given to staff in technical or sector ministries to improve sector policy choices. Policymakers in these ministries are provided opportunities to understand and appreciate the usefulness of policy analysis, and to create effective demand for analysis. These strategies are no doubt valuable in enhancing the government's role as generator and user of policy analysis. To the extent, however, that conflicts of values and objectives limit the receptivity to policy analysis and the interplay of interests tend to bias the types of analysis and advice sought and encouraged in unforeseen ways, there is a case for building the capacity for policy analysis outside the government also. Sources of analysis independent of government are more likely to focus on certain incompatibilities and conflicts than "captive analysts" within the government. Interest groups not well represented within government are more inclined to undertake policy analysis and highlight options neglected by the government, but which further their cause. Multiple perspectives on policy analysis and options are thus encouraged in a pluralistic setting leading to a more balanced assessment of policy problems and the choices involved.

Multiple sources of policy analysis deserve support for yet another reason. Government sponsored policy analysis and research will naturally focus on policy issues as defined by the sponsor. Governments typically think of a problem as something to be solved and disposed of. Problems, it is believed, can be solved through the implementation of policies and programs which have a "pre-ordained beginning, middle and end."¹⁰ These interventions enable the government to engage in periodic bursts of activity. They are, however, no substitute for the continuous doctrinal battle required within the political system to influence the speed and direction of economic and social change. The grand policy problems of poverty, unemployment, liberalization, etc. are seldom resolved through one-shot programs. They call for continuous doctrinal struggles, challenges and reassessments of issues and options which are best left to institutions with a mission and the needed autonomy to pursue these tasks. The interdependence of policy issues and interests is a major argument in favor of the creation of indigenous capacity for policy analysis within a country. Analysts who have a stake in their society and who are directly affected by the developments therein are better placed to engage in a process of continuous questioning and analysis than external advisors. They will have greater credibility too though the extent to which an adversarial or advocacy role vis-a-vis the government is tolerated will vary from one regime to another.

¹⁰ K. Hope, "Indicators of the State of Society," in M. Bulmer (ed.), Social Policy Research, Macmillan, London, 1978.

Role of the Private Sector

Organized private sector groups and autonomous academic institutions are two important options for generating alternative policy analysis and advice outside of the government. In many countries, private sector associations play this role by creating research units to analyze policy problems of interest to their constituents. Chambers of Commerce and manufacturer associations in some countries have modest policy research units to analyze current issues and to inform the government and the public at large. In some cases, such associations have set up relatively autonomous and broad-based research centers to promote policy analysis. In all cases, however, private sector sponsorship will have an inevitable influence on the types of issues selected for analysis and the options considered and promoted.

The initiative for creating autonomous centers for policy research may come from a variety of sources such as the private sector, academic groups, the public sector and external donors. Even when a government supports or sponsors such centers, it is considered prudent to minimize their dependence on government funds so that there is no threat to their autonomy. Endowments, contract earnings, membership fees and other diversified sources of finance are sought to encourage genuine policy research and to reduce the risk of the centers being captured by powerful interest groups. Unlike private sector associations, autonomous centers (also called arms-length institutions for policy analysis) may have greater success in influencing public opinion and policy-making groups in government because of their lack of

ties to particular interest groups. Needless to say that such autonomous institutions for policy analysis will flourish only in countries which encourage pluralism and where policymakers seek multiple and critical perspectives on major policy problems. In some countries, they also provide a base from which intellectuals in opposition parties can function when they are out of power.

II. The Timing of Capacity Building Interventions

The Importance of Country Contexts

The analysis and design of public policy are the pre-eminent tasks of Government. Strengthening policy analytic capacity, therefore, entails the development of the necessary skills and the resources and organizational support to sustain them within government. If policy analytic capacity exists in proximity to policymakers and there is continuing interaction between the latter and their policy analysts, the chances are that analysis and advice will be better utilized by governments (e.g., for macroeconomic management or sectoral policy decisions). Accessibility and confidentiality (partly because of the nature of the data involved) are important reasons why policy analysis as an on-going function is usually internalized within government. In many countries, therefore, measures to strengthen policy analytic capacity are initiated by and focused on governments. Donors have invariably supported such efforts in a number of developing countries.

In reality, however, the strategies for developing policy analytic capacity may vary depending on country contexts and characteristics. In countries with a fairly stable and competent civil service and a willingness and ability to attract and utilize skilled manpower, direct interventions to create policy analytic capacity within government tend to yield satisfactory results. This indeed has been the experience of countries like India, Pakistan, and South Korea over the past three decades. In countries with a less developed civil service system and relatively unfavorable conditions for retaining skilled manpower in the public sector, measures to strengthen policy analytic capacity within governments are unlikely to make a major impact except over a very long period and when systemic reforms are effected. Here is a case for indirect interventions such as augmenting the supply of policy analytic skills from outside sources to government and encouraging the latter to utilize such capacity in the short and medium term. This situation is typical of many Sub-Saharan African countries and countries like Indonesia in Asia. External consultants, technical assistance to ministries, and to some extent good local institutions outside of government could play a modest gap filling role in a context where government capacity remains weak and the internalization of the policy analytic function continues to be a slow process.

Then there are countries which have the skilled manpower for policy analysis, but the political system discourages stability in the civil service and renders the institutionalization of policy analytic skills within government extremely difficult. For example, if a critical mass of civil

servants move in and out of governments along with their political masters, continuity will be a problem in the bureaucracy. To the extent policymakers are receptive, it is possible for autonomous or semi-autonomous indigenous policy research centers to compensate for this gap. Such centers could undertake policy analytic work to stimulate public debates or at the request of governments to provide advice to ministers and other policymakers on a regular basis. When the conditions for strengthening governmental capacity for policy analysis do not obtain, second best solutions and adaptations of this kind may have to be resorted to. This has happened in Latin American countries and to some extent in a few Asian countries, but much less in Africa.

There can be many shades in between these three types of interventions. The point, however, is that countries differ in the kinds of gaps they face in terms of policy analytic capacity and in the factors underlying these gaps. The strategies for strengthening their policy analytic capacities, therefore, need to be tailored to fit the national contexts. Direct interventions to institutionalize policy analytic skills within governments may not be feasible or appropriate under certain conditions. In such cases, search for alternative approaches will be entirely in order even though it would appear as if capacity building within government is being neglected.

Supply of Policy Analytic Skills

Successful capacity building for policy analysis requires a matching of the supply of and demand for policy analytic skills within the country. It is possible, for instance, to invest in the training and development of personnel for policy analysis for a government as indeed international donors have done in some cases. The utilization of such trained personnel and their impact on policymaking, however, may remain negligible simply because there is no effective demand for their skills from government. On the other hand, in recent years, some governments have sought policy analysis and advice (often in the face of severe economic crises and at the instance of external donors) only to find that the requisite competence is not available locally. Both are examples of a mismatch of demand and supply conditions and highlight the need for attending to both factors as part of a capacity building strategy.

The supply of policy analysis is likely to be influenced by three factors. First of all, the facilities for the training and development of policy analysts should be adequate and of an acceptable quality so that the required manpower is available to respond to the demand for policy analytic work. In the absence of indigenous facilities, it is possible to bridge the gap through training abroad which is one of the major uses of technical assistance. This, of course, is an expensive alternative and is difficult to sustain in the long run. Hence, the importance of strengthening the local higher education and secondary school (if necessary) systems and in particular

the teaching of core subjects such as economics which are relevant to the training of policy analysts. Second, clusters of trained personnel are required to provide good policy analysis on a sustained basis. Team work and interaction within groups are essential for grappling with complex policy issues. This underscores the need for a minimum scale of operation (size) on the supply side and the importance of adequate institutional arrangements to ensure it irrespective of whether policy analysis is done within government or without. This is not to say that individual policy analysts have no role to play. The point is that in addition to technical competence, there is an obvious need for a minimum of institutional memory, infrastructure, reasonable compensation systems, and continuity. Third, the supply of policy analysis is certainly influenced by the demand for it. An environment which seeks and encourages policy advice will attract and retain better people for policy analysis. One should not, however, conclude from this that demand will create its own supply! Improvements in higher education and the creation of policy analysis clusters and their institutionalization call for deliberate and strategic interventions. The demand factor will certainly facilitate the process, but need not necessarily trigger the actions required except over a very long period.

The Demand Factor

The factors influencing the demand for policy analysis are relatively more complex and difficult to manipulate. The role of economic and financial crises as a demand augmenting factor has already been noted. But

the risk is that the demand might vanish when the crisis is over. There is clearly a need to go beyond such transient phenomena in search of factors capable of creating sustained demand for policy analysis.

Probably the most critical factor on the demand side is the receptivity of the political regime to external advice and its willingness to take key decisions aided by policy analysis. Where the political leadership is reluctant to consider policy options or to draw upon technical expertise to improve its decisions, the demand for policy analysis will remain weak. An open and pluralistic society, as noted above, is more likely to encourage the use of policy analysis although ignorance and indifference on the part of the political leaders in such societies may limit its scope. On the other hand, even a less open and dictatorial regime may create demand for policy analysis because the leadership seeks and utilizes it. The key issue then is whether the top policymakers are inclined to be willing clients for policy analysis. Second, the utilization of policy analysis and hence the demand for it in government will be aided by the presence of senior civil servants or technocrats who understand and encourage policy analysts and mediate between political leaders and specialists. Policy analysis units and their trained personnel sometimes remain underutilized within governments because of the absence of such mediators and catalysts. Even when the political regime is supportive of the use of policy analysis, the "technocratic intermediary" is a factor which in its own right can influence effective demand. The existence of a critical mass of these intermediaries reinforced by a receptive political leadership is a propitious condition for the utilization of policy analysis.

They may also play a useful role in sensitizing politicians to the utility of policy analysis and interpreting the results of analysis to them. Third, the presence of an informed and questioning public is a positive influence on the demand for policy analysis. Apart from the government, it is the academic community, the press, the political opposition and organized private sector groups which could stimulate policy debates in a society and create the demand for policy analysis in the process. These interest groups can act as alternative sources of demand for policy analysis even when the government is not an active source. They can play this role, however, only under political regimes that tolerate if not encourage their participation.

Ideally, capacity building for policy analysis in a country should be initiated only when there is evidence that the factors influencing demand and supply are in reasonable balance. It is seldom, however, that a perfect demand-supply match will emerge in a real world situation. Demand conditions certainly are more unpredictable and difficult to plan. The creation of suitable conditions for the supply of policy analysis are somewhat more amenable to planning, but will take time to fructify. If the prospects for the political tolerance to policy analysis are reasonably bright in a country, there is a case for initiating action to strengthen the supply side in anticipation of demand emerging with a lag. Donors with a long-term record of capacity building in the developing world confirm the value of "anticipatory action," and believe that willingness to stay on and support capacity building

efforts in spite of vicissitudes of demand is an important precondition for effectiveness.

III. The Lessons of Donor Experience

The three different, but complementary institutional alternatives for generating policy analysis outlined above (government, private sector organizations and autonomous centers) exist in varying degrees in the developing world. Their effectiveness and their capacity to survive and grow have been significantly lower in some countries than others. The political turmoil and economic decline which have plagued much of Sub-Saharan Africa in recent decades, for example, have weakened the limited capacities for policy analysis which existed in parts of that region. Consequently, institutional disruption in this field has been more severe in Africa than in other regions of the developing world. A review of the Asian, Latin American and African experiences in capacity building and the lessons learned by bilateral donors and private foundations in the process leads to the following conclusions:

1. Political Factors Inhibiting Demand and Capacity Building

Political instability, lack of demand from government sources for policy analysis, and a weak and unstable bureaucracy were well known features (in varying degrees) of several Latin American countries, and some Asian countries like Indonesia. Military governments and/dictatorships have been a feature of several Asian and Latin American countries (e.g., Pakistan,

Indonesia, Korea and the Philippines in Asia, and Argentina, Brazil, Chile, etc., in Latin America). The political changes and instability that have marked recent history in several of these countries made the institutionalization of policy analytic capacity within governments a difficult and slow process. In general, the preoccupation with national security concerns and intolerance of opposition were not conducive to capacity building in most of these countries though in some cases the creation of arm's length policy analysis centers was supported or tolerated by governments. In general, however, sovereignty required not only that policy be determined by national leaders but that the apparatus of government be kept or brought into indigenous hands and that national or indigenous control be established over those parts of the economy felt to be essential to national sovereignty and dignity. Development policy and receptivity to advice have thus been subject to powerful constraints by concerns over autonomy and fears of external influence and control. The search for and commitment to the creation of capacities for policy analysis have been subject to prior conditions from these concerns. Replacement of expatriates and extensions of national control thus were requisites of "development" quite independent of their significance for economic growth. In spite of these problems, notable progress was made in several Asian and Latin American countries to build policy analytic capacity both within governments and outside.

In Sub-Saharan Africa, the demand for policy research and advice continues to be weak and unstable in the political context of the region. Government, donors and the private sector are the three major categories of

clients for policy analysis. The private sector as a client and source of support (industry groups, development professionals, opposition parties and interest groups, etc.) is virtually undeveloped or unable to be active in most countries. Governments, which operate in a difficult and mostly politically authoritarian environment, have seldom been active on the demand side. Furthermore, the uncertain political climate in many countries has encouraged economic researchers to avoid controversial macro policy reform issues and to concentrate on micro-level problems. Of the three, it is donors, and the international lending agencies in particular, which have stepped up the demand for policy analysis in most countries. Since some of them are also involved in setting the research agenda and hiring consultants (often expatriates) for the government, this process promotes a form of international production and consumption of policy analysis, often bypassing government agencies and other potential local providers of research in the country concerned. Where donors have worked closely with governments or local professionals and used their limited capacities for collaborative policy analysis, there is some evidence of demand and capacity being developed, albeit slowly. Government's demand for and involvement in policy work in several cases could thus be traced to the influence of donors.

2. Constraints on the Supply of Skills

The supply of well-trained economists was a major problem in Latin America, Indonesia and Korea. Only three decades ago, university standards in most Latin countries were considered to be extremely low. Korea had only six

western trained Ph.Ds. in economics in 1969 and Indonesia had hardly any at the time of independence. Even under authoritarian regimes, however, these countries invested in the training of economists and other professionals. As a result, the supply of professional skills has increased significantly over the past two decades in countries such as Korea, India, Pakistan and the Philippines. In spite of the instability and uncertain legitimacy of Latin American governments at the beginning of the sixties and their poor equipment for the tasks of policymaking and development as noted above, the efforts of recent decades have brought notable increases in professional competence, both within and outside these governments, amid many continuing deficiencies. The growth of professional economic competence for policymaking has been particularly notable and has been much dependent on training abroad, and in some countries through the rise of strong research and graduate-level training centers.

The emergence and usefulness of these centers in Latin America have depended on a number of conditions: (1) the relative openness and fluidity of governments; (2) private sectors strong enough to provide support for both training and research activities; (3) the growth of a cadre of economists and other social scientists to provide the necessary talent, combined with (4) a tolerance for social science publication of considerable critical diversity; and (5) substantial international support, both financial and intellectual, coming from diverse sources (Sweden, Canada, the Netherlands, etc., as well as from the United States). In addition to their contributions through research, policy analysis, public debate, and training,

these institutions have provided reservoirs of talent which have from time to time been brought into public service. Their flourishing has in turn been dependent on strong national economic growth, the continuing rise of educational levels, and professional competencies in government and elsewhere.

Skill constraints continue to be severe in Sub-Saharan Africa though some of the African universities were ahead of similar institutions in Asia and Latin America in the sixties. The most important among these constraints is the limited supply of well-trained macro-economists in the region. Talented individuals do exist in several countries. Within the profession, the supply of agricultural economists is somewhat better than that of macro-economists. This, in part, reflects the greater attention donors and governments had given in earlier years to sector related as against macro-economic issues. The preoccupation with macro level issues is relatively recent for many donors as well as governments. There is a sudden burst of demand for macro-economic analysis in several countries, but without a matching supply of competent persons to work in this area. Donors who are presently supporting macro-economic work do not provide any core funding for institutions engaged in economics teaching and research. The supply problem is further exacerbated by the bureaucratic and organizational constraints on the working of institutions engaged in economics teaching and research. Our review of donor experiences confirms that the physical deterioration of their facilities and equipment, and inefficiencies in the management of funds and services such as accounting have made it difficult for the staff to carry out their normal duties satisfactorily. Some donors have proceeded to bypass

these barriers by directly providing such services to those engaged in their research projects.

3. Autonomous Policy Research Centers as a Relatively Recent Phenomenon

Several arm's length policy research centers have been established in Asia and Latin America over the past 30 years. Demand for their services have moved up and down in many Latin American countries. But some of them (e.g., Chile, Argentina and Brazil) had private (non-governmental) sectors which provided alternative sources of support and a diversity of clientele. The need to supplement analysis of policy issues in operating ministries by research from other sources has been almost universally recognized, and has grown with understanding of the complexity of development problems and of current economic management. Such research has been sought in various arrangements, some closely integrated with government and some more clearly independent. The forms have depended on such contextual factors as the extent of the private sector, the tolerance of government for independent institutions, the stability of universities, and the extent of international assistance. In general, the private sector has been more active in sponsoring and supporting such research in Latin America than in Asia.

The effective utilization of outside research and policy analysis by government has depended upon several conditions: (a) The capacity and readiness of civil servants to use ideas and analysis generated elsewhere. Much potentially useful work has been ignored, neglected or rejected. An

effective research institute needs counterparts who understand and value its work. (b) Some autonomy or approach to an "arms-length" relationship between research institutes and operating ministries is needed. It has been achieved in quite authoritarian settings where personal leadership by trusted and respected figures existed, and where diversified funding and active linkages to international agencies and professionals reinforced the autonomy and quality of work of institutes. As in any field of intellectual endeavor, the maintenance of quality depends importantly on international standards and stimulation, which may be expected to be particularly important for small countries. (c) A vigorous private sector can be very helpful though it may render the retention of research staff more difficult. But there have been instances in Asia where this has not been critically important.

Full-scale universities largely devoted to undergraduate instruction have been less propitious settings for policy research and advanced training than more selective institutions emphasizing graduate training. Instances are El Colegio de Mexico, the Vargas Foundation in Brazil, the institutes of management in India and the Philippines. There are, however, examples of effective developments within major universities, given strong leadership and support from both domestic and international sources (the Instituto de Pesquisas Economicas (PE) at the University of Sao Paulo, the School of Economics in the University of the Philippines).

Fewer Sub-Saharan African countries have arm's length (autonomous) policy analysis centers whose advice is sought by governments. Nigeria, Ivory

Coast, and Kenya are examples of countries which have such centers. The extent to which they are utilized by governments varies a great deal. Even when set up as arm's length centers, they may be dependent on governments for their core financing. This clearly sets limits to their autonomy.

University-based centers for policy analysis are even more rare in Africa. The Economic Research Bureau of the University of Dar-es-Salaam in Tanzania is one of the few in this category and is known for its active advisory role in relation to the government. That there is no strong private sector in most of the Sub-Saharan African countries is probably one of the reasons for the limited number and quality of their arm's length institutions. Diverse sources of sponsorship and finance are hard to come by. In this regard, Africa is closer to Indonesia which also did not have the benefit of a supportive private sector. Policy related capacity building in Indonesia has been mostly within government, often at the cost of arm's length institutions (universities, for example).

4. External Assistance and Sustainability

External assistance has played a critical role in the capacity building for policy analysis in the developing world. The beginnings of most of the institutions reviewed in the appendices to this paper or the training of the professionals to staff them have been dependent on external aid. In many instances, there has been rapid progress away from dependence on external financial support. In other cases much more protracted dependence on such support has existed or new needs have arisen because of political conditions

and instabilities. Countries like Indonesia that began with very thin cadres of professionally trained talent have felt the need for long support. In Latin America, many of the private and independent research institutes have had long struggles in finding adequate local support, particularly if they took critical views of prevailing government policy and embraced fields other than economics. Argentina and Chile have shown such conditions in recent years.

Important as external financial support has been, it may be more readily reduced than the international professional contacts which it initially fostered, and which are often difficult to maintain without it. The importance of these contacts in the development of most of the Asian and Latin American institutions we have surveyed cannot be overemphasized and the influence of overseas training has been very great. The phasing of development assistance is always subject to uncertainties and criticisms of inducing protracted dependency are familiar. But at least for the high quality performance of research institutes it would appear that long-term capacity to maintain international professional relations is needed, and that it readily cannot be sustained with local resources alone. There have sometimes been doubts about the consequences of these relationships in promoting brain drain or excessive attention to international audiences at the expense of local relevance.

Whatever the level and extent of external assistance, it has typically been found that there is a serious problem of sustaining the staffs

of institutions that are the targets of effort. In some of the Asian countries, some donors were repeatedly distressed at the continuing need to train new generations of professionals. A similar instability has marked the staffing of Latin American institutions, either because of departures to international organizations or to other positions in Latin America. In some other places (Korea, Indonesia) the problems of replacement seem to have been less serious, but there was a growing realization that substantially larger numbers of people must be trained than the scale of the relevant institutions would suggest. Much of the early effort in counterpart training through technical assistance was frustrated by rotation and instability, as have carefully tailored programs of academic and professional training. The retention of good professionals is much helped by national progress and incentives (as Korean and Brazilian experiences have shown) and one must expect the challenge to be particularly severe where there is economic stagnation or deterioration. The latter has clearly been a major barrier to the retention of high quality professionals in government in many African countries.

5. Lessons for Developing Countries

The Asian and Latin American approaches to coping with the task of capacity building for policy analysis have several other lessons for all developing countries.

- (a) Small numbers of competent economists and other professionals can make major differences in the quality of economic policy formulation. Even small countries can afford to assemble the requisite numbers of such professionals. Problems of brain drain and turnover mean that numbers of highly trained professionals in excess of a feasible minimum are required. Planning for some wastage and turnover of trained personnel is in order. In order to develop competent professionals, overseas training is often needed and most certainly in the initial stages of capacity building.
- (b) Considerable investment in the training of economists (abroad) and other professionals was made for long periods by Asian and Latin American countries. Malaysia, Korea, Pakistan, Indonesia and India in Asia, and Brazil, Mexico and Chile in Latin America have had continuing programs for training a variety of professionals abroad as well as in local institutions. Some of the more successful among the trainees have since headed policy advisory services within their governments or have become leaders of autonomous policy research centers.
- (c) A large array of specialized skills, in economics and other fields, is needed for sound development. Such competencies have been only slowly acquired and it has not been easy to incorporate them effectively in public services that have been slow to reward

them satisfactorily. In this context, many countries have found it useful to establish autonomous (arm's length) centers and to provide incentives to attract and retain well trained professionals on their staff. For a long time, many Korean Ph.Ds did not return to their homeland after training in the U. S. It was the establishment of the Korean Development Institute (KDI) in 1971 and its favorable environment that attracted the first set of economists back. There are many similar examples in India, the Philippines, Pakistan and Latin America.

- (d) Long term twinning arrangements were extensively used for capacity building in both government and arm's length institutions. The Indonesian Government has had a continuing relationship with the Harvard Institute of International Development (HIID). Several Indian institutes have had long term twinning arrangements. KDI was assisted by HIID for several years. The point is that capacity building was viewed as a long term effort with a good deal of continuity and intensive supervision by collaborators built into the process.
- (e) The experience of many developing countries shows that there will be ups and downs in the effectiveness of any efforts to strengthen the capacity for policy analysis and management. Institutions that were influential in one period suffer decline in others. Governments and donors should not be discouraged if restoration and

renewal are regularly needed.

- (f) The international donor community has at its disposal a broad spectrum of instruments which can be brought to bear to improve and sustain policy analysis institutions. Donor coordination is needed, however, to ensure that each agency uses effectively its own comparative advantage and that donor activities do not operate at cross purposes. Pooling of resources also promotes intellectual pluralism within the recipient institution.

Conditions for Success

The experience of multilateral and bilateral donors and private foundations in the developing world also highlight important lessons and conditions for success which would be useful in planning future strategies for policy analytic capacity building.

- 1) Long-term coordinated commitments by the donor and recipient are crucial. The required support may well have to be stretched over decades. Successful long-term initiatives often take the form of quasi-permanent twinning arrangements through the medium of the donor to create institutional linkages, trust and stability.
- 2) While professional commitment on the part of the staff is important, incentives can be a major reinforcement to attract and retain them.

There are several examples of the use of incentives (e.g., salaries, consulting income, good housing, better work environment) in arm's length institutions. The device of semi-autonomous institutions has been found to facilitate this process.

3) Stimulation of the demand for policy analysis should be a part of the program of institutional development. Grants for policy research within ministries and other key public agencies, seminars to disseminate findings of research in which government officials and political leaders are invited to participate and aid projects with built in policy analysis and evaluation components which will stimulate government agencies to seek research inputs from scholars and consultants are mechanisms for mobilizing the demand for policy analysis. This is clearly a long-term effort; one should not be disappointed if the response is slow and short-term policy impact is limited.

4) Foreign technical assistance to advise on government policy remains essential. It should be used to improve the policy-making process and not to make policy (though the latter may be justified in some cases). Technical assistance seems to have worked better when it is part of a twinning arrangement. The twinning route, however, is more appropriate in the initial phase of an institution's development, but may slow down the volume and pace of technical assistance to the recipient countries. This may well be the optimal course to follow.

5) Donor impact has been greater when their resources have been concentrated on a small number of institutions. It is only countries with a reasonably developed private sector (with non-governmental clientele and sources of support) that can sustain arm's length centers of excellence in policy analysis. This may make it difficult for the very small countries to establish their own arm's length centers. Some of the centers in the larger countries could play a regional role even if they are de jure national institutions.

Looking Ahead: Strategic Options

The strategies for developing indigenous capacity for policy analysis will naturally vary from one country to another. The reviews of the experiences of different regions summarized above, however, signal the major options which merit the attention of developing countries as they plan their future strategies.

1) In countries where non-governmental clientele and sources of support are limited, but government is interested, the initial focus should be on strengthening policy analytic capacity within government. This, however, is unlikely to be achieved through ad hoc technical assistance. A more viable alternative is to go for long-term twinning arrangements which incorporate technical assistance with suitable external organizations especially in the early phase of development.

2) In countries where there is evidence of demand for policy analysis in government and in the private sector, the time may be ripe for establishing arm's length centers for policy analysis. Even when the government demand for policy advice is weak, if private sector interest is strong, arm's length centers could be set up under private auspices. Some of these centers should play a regional role too in relation to the smaller countries in the region. A developed private sector signifies the existence of multiple clientele and sources of support. Even if government demand falls, other clients may continue to sustain such centers.

3) If, on the other hand, the time is not ripe for the creation of autonomous or arm's length centers, policy analysis units could be set up under the auspices of private sector associations. As noted earlier, they are likely to be influenced by the perspectives and priorities of their sponsors. Nevertheless, they could play a useful role in generating and articulating other policy options which tend to be ignored when government is the only source and client of policy analysis.

4) In countries where the private sector is weak, it may be in order to create some local capacity for policy analysis through a diversification of other academic institutions which have close links with government. In the Francophone African countries, the Regional Schools of Statistics and Economics are suitable candidates for such diversification. In other countries, selected management institutes or university economics departments could be strengthened in the field of policy analysis. Though these

institutions are often fully funded by the state, they are one step removed from the captive status of the in house units of ministries. In general, they tend to be somewhat less subject to political interference. These institutions may also make a positive impact on the supply side through the training of economists or other related specialists.

APPENDIX A

ASIAN AND LATIN AMERICAN EXPERIENCES

Introduction

The purpose of this paper is to review the experiences of Asian and Latin American governments in training cadres of skilled policy analysts, particularly economists, and in building institutions capable of providing sophisticated policy analysis and advice. It emphasizes in particular the experience of the Ford Foundation in this regard and highlights the development of both individual competencies and institutional strengths in countries such as Korea, Indonesia, Pakistan, India, Brazil and Mexico. It discusses the emergence of analytical capabilities within governments, arms-length institutions such as universities or independent research centers and within management institutes that serve primarily the private sector.

After reviewing the Asian and Latin American contexts in parts 1 and 2, in part 3 the study describes particular programs and institutions and part 4 analyzes the role of external assistance. The last section sets forth in summary form the major conclusions derived from the Asian and Latin American experiences.

In any society, policy is made at many levels and in many types of organizations. We are here particularly concerned with national policies of the broader sorts, and particularly with economic and development policies.

We must therefore be concerned with the nature of the institution that bears these responsibilities, viz. with the national government. Effective policy formation by a national government evidently depends on a nation's political coherence and stability, the leadership and the competence it possesses. Not much can legitimately be done by outsiders about qualities of leadership, stability, and political coherence, especially if the outsiders are those whose accreditation is to development. They can at best prudently assess these qualities and adjust their strategies accordingly. Competencies, on the other hand, typically rest on professional training and experience in technical, scientific, legal or other fields. The provision of training and help in shaping institutions have of course typically been within the proper concerns of external development assistance.

It is important to remember that the developing nations of our time have been at least as marked by their insistence on national sovereignty as by their aspirations to development. Sovereignty has required not only that policy be determined by national leaders but that the apparatus of government be kept or brought into indigenous hands and that national or indigenous control be established over those parts of the economy felt to be essential to national sovereignty and dignity. Development policy and practice have thus been subject to powerful constraints by concerns over autonomy and fears of external influence and control. Capacities for policy formation and execution have been subject to prior conditions from these concerns. It was not only in Africa that new nations came to independence with their government services largely directed by colonial officers, both

civil and military, and with large parts of their economy under foreign control. Replacement of expatriates and extensions of national control thus were requisites of "development" quite independent of their significance for economic growth.

The fact that many of the Asian countries share a history of colonialism provides a promising starting point for examining their experience. Latin American countries, long independent, had different starting points in the development era and require separate treatment, but we shall see that they have had commonalities with other regions in building capacities for development.

I. The ex-colonial countries in Asia

Colonies were characteristically governed by authoritarian bureaucracies that zealously promoted their power and prestige. Relatively quite small cadres of colonials were, after initial conquests or "pacifications," able to maintain law and order over extensive domains and large populations. An aura of majesty to government and a caste-like ascendancy of its alien officers over the subject populations were bases of authority. Colonial services were patterned in many respects on the services of the home countries but were not subject to comparably close political control from these countries. Entry qualifications differed somewhat between the British and (European) continental services but in neither case was there strong technical specialization in the higher administrative classes. A

liberal, classical university education served on the British side, a basically legal education on the continental side. In some cases, as in the British Sudan Service or in the Dutch and French colonial services there was special preparation for dealing with exotic peoples. But there was resistance to technical specialization as a claim to high station (of the sort that was beginning to appear in the United States). There was little or not provision for "lateral entry" and minimal dependence on in-service training.¹ The Japanese colonial administration in Korea and Taiwan had similar features with a strongly legalistic emphasis in qualification for the higher levels of the civil service.²

The changes that have taken place in European bureaucracies since World War II were not much advanced by the time former colonies were coming to independence. In Britain, the Fulton Commission of 1966-68 proposed increasing opportunities for the entry and advancement of specialists, and molding of a special class of economic and financial administrators. In France, the traditional position of the grandes ecoles and the higher technical corps in the civil service has long assured a strong position for

¹ Cf. The Civil Service, vol. 1 Report of the Committee, 1966-68. Chairman: Lord Fulton, London, Her Majesty's Stationery Office, Cmnd. 3638, reprint 1970. This famous report notes in particular (para. 36, p. 17): "The Civil Service has been slow to recognize the benefits that would flow from a much larger recruitment of particular categories such as accountants, statisticians, economists, and research officers and their employment in positions of greater responsibility. For example, while there were 106 economists in the Civil Service in 1967, there were only 19 in 1963."

² Hahn-Been Lee, Korea: Time, Change and Administration, Honolulu (East-West Center), 1968.

engineers and others with basically scientific training in the higher reaches of French government. With the gradual evolution toward higher fractions of the écoles' students choosing a program that combines economics and management with a high standard of mathematical education, there is something of a convergence with patterns that emerged in the public policy programs of the United States in the 1970s. In quite different ways, as dictated by national traditions and starting points, the two principal models of ex-colonial governments have thus moved toward patterns that give great regard to professional specializations, to numeracy, and to economic competencies. But these movements came rather late for influence on what the newly independent countries inherited.

The insulation of colonial bureaucracies from their surrounding societies enhanced the general tendency of bureaucracies to closure. The senior permanent civil services of Europe and Japan have been proudly self-confident at home and their ethos was carried to the colonies. Elite permanent civil services are much more inclined than more open and fluid bureaucracies to trust to internal studies of problems and policies. The flourishing of policy study institutes and "think tanks" in the United States has undoubtedly been related to the weakness and impermanence of the senior civil service. In contrast, one has heard a chef de cabinet at the Matignon deploring the difficulty of getting French civil servants to read anything produced "outside". It seems plausible that the notorious difficulty in getting the civil services of ex-British colonies to pay attention to the researches and writings of academics in their countries continues British

civil servants' mistrust of 'impractical' academics. Colonial bureaucracies, being staffed in their lower orders by nationals, were much less insulated at the bottom than at the top. Thick hedges were typically set up against this channel of influence or corruption. When Nehru brought in Paul Appleby from the United States to advise on ways the Indian civil services might be adapted to the needs of a developing country, Appleby told him that the Indian government should get rid of didactic and confining rules of business, the diseconomies of meticulous financial control, and the absence of effective administrative delegation that Appleby found "astonishing".³

The coming of independence meant a profound change in the orientations and insulation of the inherited bureaucracies. Acquiring the apparatus of national government was the initial great prize of independence. How this acquisition came about varied greatly depending on the state of indigenization of government and on the degree of disruption surrounding independence. But everywhere the prestige and authority of government was initially very high and enhanced by its now being the great symbol and expression of independence.

Writing of Indonesia, Feith remarks on "the overwhelming power of government" in colonial times and goes on to describe its enhancement through and after the troubled period from Sukarno's and Hatta's 1945 proclamation of

³ A summary of Appleby's Report and its impact may be found in A. H. Hanson, The Process of Planning/A Study of India's 5 Year Plans, 1950-1964, Oxford University Press, 1966. Quotation from p. 281.

the Republic of Indonesia, through the armed struggle against the Dutch in the late 1940s to the eventual establishment of independence in 1950.⁴ This extraordinary dominance of government in Indonesia rested (as it has in most African countries) on the weakness of powers outside government. There was effectively no national bourgeoisie. Economic power lay in Western-owned firms, mostly Dutch, Indonesian business being small and dependent on government, while the Chinese were constrained. And there were no large Indonesian landowners. It is small wonder that the Indonesian bureaucracy quickly grew to a size that dismayed government leaders who made repeated but ineffectual attempts to reduce it by as much as 50 percent; it was also very thin at the top in indigenous experience and competencies (it has been calculated that there were still 15,700 Dutch civil servants in 1950).⁵ The Dutch having failed to anticipate an early end to their power, there was little preparation of Indonesians for positions requiring high competencies. As Bernhard Dahm summarized, "When this state came into being, it suffered from an almost total lack of skilled personnel to replace the Dutch in such

⁴ Herbert Feith, The Decline of Constitutional Democracy in Indonesia, Ithaca (Cornell) 1962, p. 103. "With the Revolution and the achievement of independence the role of government became even more dominant... It remained by far the most important employer of persons of modern education. It was now government that bestowed almost all prestigious social roles... To be a government servant in 1950 was not only a matter of high prestige as it had been all through the century. It was seen as being literally in the service of the nation, as being part of the spearhead of national progress."

⁵ Feith, op. cit. pp. 82-83, p. 306.

fields as administration, finance, economics and transport."⁶ It took the better part of two decades to begin to remedy these deficiencies. In the meantime the bureaucracy continued to grow. Geertz wrote in 1956 that "The bureaucracy and the educational system are locked in a self-perpetuating cycle of distention."⁷ Far from being an insulated bureaucracy, it was subject to contending pressures from the army, political parties, and national leadership, was frequently divided in loyalties and attachments but could also resist efforts at controlling it.

Under Sukarno's "guided democracy," 1957-1965, a great part of the executive power of government, particularly in the outer provinces was taken over by the military.⁸ Economic disorder mounted, with the expulsion of Chinese traders from the rural areas, mounting inflation and unbalanced governmental budgets. Under the parliamentary democracy of the early 1950s there had been a continuation of Dutch financial expertise in the government, but after 1957 there was little expatriate help and Sukarno's inattention to economic matters gave little encouragement to such national competencies as existed. Fortunately for the future, the need for building Indonesian competencies had been early recognized, notably by Dr. Sumitro Djojohadikusumo, who served as Director of the National Planning Bureau and

⁶ Bernhard Dahm, History of Indonesia in the Twentieth Century, New York, Praeger, 1971, p. 161.

⁷ Quoted by Fieth, op. cit., p. 397.

⁸ Dahm, op. cit., p. 197.

Minister of Finance in governments of the 1950-53 period and as the first Dean of the Faculty of Economics of the University of Indonesia, established in 1950. Sumitro selected and attracted an unusually able group of young men to this Faculty and as early as 1951 sought foreign aid for the building of this Faculty and the overseas training of its staff. The results of these efforts and the achievements of Sumitro's proteges under the Suharto government after 1966 will engage our attention in Parts 3 and 4 of this paper.

Elsewhere in Asia, experience varied widely, with Burma and Indochina suffering disruptions like Indonesia and the India sub-continent, despite the agonies of Partition, showing smoother transitions from colonial to independent governments. Making the apparatus of government serve the national political leadership everywhere brought decisive changes; the bureaucracy was now to serve the people, not to be the authoritarian agent of foreign power. Demands for radical change in the character of government were prominent in the nationalist movements, but practice differed widely. In India, Nehru and other leaders resisted the Gandhian vision of a radically different civil service, preserving the inherited structure and even retaining British officers where no suitable nationals were yet available. Pakistan, with a more formidable task, proceeded similarly. Burma, on the other hand, had its colonial service disrupted by the Japanese invasion, and after the War its new government decided to dismiss all British officials at independence (at the beginning of 1948).⁹ As in Indonesia, there was a vast expansion of

⁹ Hugh Tinker, The Union of Burma, Oxford University Press for the Royal Institute of International Affairs, 1957 describes U Nu's aspiration to replace an authoritarian administration by a democratic one, responsive to the people and their leaders. But by 1956, he found, "The framework of the old 'colonial

the civil service to more than three times its preindependence size, the principal sources of recruitment, according to Tinker ¹⁰, being the large-scale promotion of head clerks to officer rank and the addition of many 'political' civil servants. Efforts were sustained to recruit a non-political higher civil service, but sharply diminished financial rewards, uncertainties about the future, and the powers of political bosses reduced the attractions of these positions.

The Republic of Korea is another country that began its history of independence with the dissolution of colonialism and had to struggle through the costly and destructive war of 1950-1953. The first decade and a half after 1945 was marked by great social change under the impact of educational expansion, land reform, urbanization and inflation. A stable and authoritarian political regime under Syngman Rhee emerged in 1948 and lasted until it was overthrown in the bloodless revolution of April 1960. The Japanese had left a structure of government in which the higher civil service was qualified through a highly legalistic set of examinations. As the civil service grew after independence it depended initially on cadres of limited education and higher ranks were mostly recruited by promotion from clerical

administration' still stands... and yet the meaning, the spirit has gone out of it all. The talk is all of a new, democratic system; but by the middle 1950s the new democratic administration was still largely a dream."

¹⁰ Op. cit., pt. 156.

ranks.¹¹ Despite extraordinary expansion of university education in the 1950s, there was only a slow infusion of better educated talent and the traditional legalistic qualifications acted as a barrier. The massive U. S. aid of this period (over \$3 billion between 1949 and 1961 in economic assistance and more than \$7 billion in military assistance ¹² brought extensive overseas training opportunities and new conceptions in training for and practice of public affairs. By the time of the April Revolution there were many beginnings in building new competencies, both civil and military, and in the reorientation of government to development purposes. The Financial Stabilization Plan of 1957 and the establishment of the Economic Development Council, which began preparation of a Three-Year Plan were important milestones in this change.

Whatever the conditions in particular countries, the inherited structure of colonial government had to undergo profound stresses and major changes to evolve into a national government. The national movements that brought independence were great upwellings of popular sentiment that were difficult either to sustain or contain when the goal of throwing off alien rule had been achieved. Ideals of self-determination and democracy involved a permissiveness that made political coherence everywhere precarious once the struggle against colonial domination was over. The resulting difficulties in

¹¹ Lee, op. cit., pp. 104 ff.

¹² U. S. Overseas Loans and Grants and Assistance from International Organizations/Obligations and Loan Authorizations, July 1, 1945-September 20, 1982, Office of Planning and Budgeting, USAID, CONG-R-0105, p. 74.

holding countries together hardly need recital; Indonesia fought a civil war in the 1950s; Burma has yet to gain full control of its territory; Pakistan split in 1971; Sri Lanka is embroiled in a persisting communal strife; and India has been persistently troubled by linguistic and communal dissensions. In such circumstances the orderly representation of interests and loyalties in parliamentary democracy has proven to be fragile or impossible, and other means of maintaining political coherence have been sought and used. In Indonesia, Korea, Pakistan, Bangladesh, and Burma, popular leaders have been replaced by military governments as another response to the difficulty of political coherence. The challenge of establishing stable and legitimate government has been formidably elevated by the high expectations freedom and aspirations to development brought. Governments were moved to proclaim and undertake larger responsibilities than they could readily bear and the movements that brought independence were not readily transformed into effective governments. Leaders of the new governments were supported by parties and loyal compagnons de route serving as ministers and political leaders. The competencies that could mobilize independence movements were not necessarily those that made for the orderly and effective leadership of government. The Indonesians came to distinguish the "administrators" from the "solidarity makers" and similar distinctions were present everywhere.

The departing colonial powers sought to establish forms of government in which there was a clear distinction between the functions of ministers and political leadership on the one hand and those of neutral professional bureaucracy (based on the old colonial bureaucracy) on the other.

Where the United States had a dominant influence, as in Korea, it attempted a similar set of distinctions. But everywhere they became blurred and strained as we have seen for Indonesia. Ministers who were "solidarity makers" found incomprehensible the limitations on their authority imposed by the classic hierarchical distribution of authority in a bureaucracy, and the entrance of large numbers of new civil servants under political sponsorship eroded the autonomy of the bureaucracies. The need for executive competence at ministerial levels also led to the rise of civil servants into political roles. Hahn-Been Lee has described this process in the evolution of Syngman Rhee's Korean governments of the 1950s, showing a sharp rise of former civil servants in the cabinets as that decade progressed.¹³

Policy formation in any government depends on a complex interplay of political leadership, administrative competence and specialized talent. As we have seen, the heritage of colonial government included a self-confident officialdom with prestigious places for financial officers who were typically however without specialized economic training. Independent governments did not immediately replace such officers but surrounded and supplemented them with other makers of policy.

Ambitions for development called for new capacities in policymaking and government, many of which focused in the early years on national plans and their implementation. India became an important model for

¹³ Hahn-Been Lee, op. cit., Table 28, p. 97 and accompanying text.

other countries, and Nehru's planning commission attracted attention around the world. Planning had a great vogue, indeed so much so that Ian Little complains that it had rather too much attention as compared with current economic management and policy.¹⁴ Planning agencies of one sort or another were set up everywhere, usually with substantial technical assistance since most countries were ill-supplied with economists and other needed specialists. These agencies became sources of new ideas and influences that spread throughout governments. The Pakistan Planning Commission, particularly as it grew under Ayub Khan's regime, is a notable example. Professor Khalid Sayeed said of it:

"The Commission has a staff of over one hundred technical and economic experts, which means that in terms of numbers and quality of expertness it is vastly superior to any other government department... the Planning Commission has steadily penetrated the bureaucratic structure and is represented on every important economic decision-making body of government."¹⁵

The Pakistan Commission was built up with extensive assistance from the Harvard Development Advisory Service, which concerned itself from the first with matters of organization and management. Thus reports were produced in 1953 on The Improvement of Public Administration and in 1955 on Reorientation of the Pakistan Government for National Development, both by American experts

¹⁴ I. M. D. Little, Economic Development/ Theory, Policy and International Relations, New York (Basic Books), 1982, p.316.

¹⁵ Khalid Sayeed, The Political System of Pakistan, Boston, 1967, pp. 149, 150.

in public administration.¹⁶ The Indian Planning Commission was the initial locus of the community development program with its profound implications for the character of administration, and the Five Year Plans typically included plans on administration--thus a chapter on "Administration and Plan Implementation" in the Third Plan.

Along with early enthusiasm for planning went convictions of the need for administrative training that was much encouraged by confidence, then reigning particularly in the United States, that there existed a teachable "science" of public administration. Institutes of public administration were set up in most countries with extensive assistance from the United States, the United Nations, and elsewhere. A great deal of academic and professional attention was devoted to these institutions and to the subjects they dealt with. A field called "development administration" emerged and flourished for a time. Many different approaches to the improvement of administration were tried in addition to governmental institutes of administration; some of these stressed pre-service academic preparation, other in-serve training, consultation and research. Ambitious plans for systematic preparation and regular schemes of continuing training were seldom in fact followed systematically. But a considerable body of experience was acquired, some of which will be reviewed in Parts 3 and 4.

¹⁶ The former paper was by Rowland Egger, the latter by Bernard Gladieux; both were produced in Karachi, in 1953 and 1955 respectively.

The effort to bring better competencies in policy formation and execution to national governments created a strong demand for economists and for their integration into government services. The initial enthusiasm for planning gave economists voices in government which have survived the "crisis of planning" and growing realism about its necessary limitations. There have been great ups and downs as in the fate of the Pakistan Planning Commission in the fall of Ayub and the breakaway of Bangladesh, or in the emergence of Indonesian economists from academe under Suharto's government to take over six ministries and at least ten sub-cabinet posts.¹⁷ But whatever the unrealities of hopes for rational planning, economic policy problems have remained urgent and endemic. More sophisticated views of the making of policy and day-to-day decisions in the governments of developing countries have made the place of economic analysis look more intricately intertwined with political pressures.¹⁸ An evolution from medium-term planning to more emphasis on current economic management has hardly reduced the demands for economic competencies, and the provision of such competencies has posed problems that extended beyond the government services themselves. The prospects of well-rewarded careers for economists in government have been difficult to sustain without some attachments, academic or otherwise outside government. In a 1975 survey, John Lewis found that "the place of economics in the Government of

¹⁷ Figures from Malcolm Gillis, "Economics in Indonesia and the Ford Foundation" 1975, Report No. 002515, Ford Foundation Archives, p. 3.

¹⁸ Cf. Tony Killick, "The Possibilities of Development Planning," Oxford Economic Papers, v. 28 # 2, July 1976, pp. 161-184, for a good retrospective analysis.

India is not more in doubt than it is in the U. S. government" but that there were serious problems in the Indian Economic Service and the state of academic and research centers were important to it.¹⁹ The Indonesian economists who went to work for Suharto's government kept their academic appointments. One might readily suggest reasons why the economic competencies of Asian governments have needed a milieu outside government to sustain them but it may suffice here to point to its existence and evident importance.

There were numerous stimuli in the 1950s and 1960s to make provision outside government for research and analysis which it was thought could better be done in some independence. The heavy American influence brought the experience of American universities and research centers in supplying analysis and policy guides. There was also a patriotic desire on the part of academics and other professionals to contribute to the development of their own countries. Hence, one found Sumitro promoting an Institute for Economic and Social Research in the University of Indonesia from the start of its Faculty of Economics; a Pakistan Institute of Development Economics was set up, and in India a National Council of Applied Economic Research and much else. The utility and significance of such external sources of research and analysis depended of course on their quality, but also on the receptivity of governments to what they had to offer. Such receptivity has varied greatly, depending on leadership and the quality of governmental staffing. In India, Nehru encouraged an openness to ideas from outside government and indeed a

¹⁹ John P. Lewis, "The Ford Foundation and Indian Economics" 1975, Report No. 003144, FFA, pp. 15-20.

restless search for ideas, which withered noticeably under his successor. In Indonesia, the polarization of Sukarno's era led to ideological assaults on "liberal" or "Western-oriented" economics (1961) which effectively cut off such influences for a time. The qualifications of civil servant staffs have been an important source of the influence of the Korean Development Institute, and the PIDE depended on the attention of Planning Commission staff for the influence it has, from time to time, had.

In general, the sense of independent governments that they were facing new developmental challenges encouraged greater openness to the wider world than the colonial bureaucracies had felt necessary. While there has been detectable lingering of the old closure there has been much loosening by the new influences that independence brought. Generalizing over the great variety of Asian experience is hazardous, but one may distinguish two major influences:

- 1) the susceptibility of national bureaucracies to their societies and in particular to their political leadership; and
- 2) the political changes and instability that have marked recent history in many of these countries.

The insulation from local influence which a colonial bureaucracy could maintain was obviously neither appropriate or possible in independence. Responsiveness to national leadership and to popular demand brought pressures

that were difficult to manage and have led to characterization of some governments as "soft" states. Any formal organizational structure is enmeshed in an envelope of more personalized relationships in any society and in societies with strongly traditional and particularistic character they have a pervasive character. In recent years there has been a vigorous growth of study of patron-client relationships and demonstration of their importance across the world.²⁰ Many studies have shown the extent to which patron-client relationships characterize the structure and functioning of governments in developing countries. They are familiar as a source of corruption, nepotism, and cliques, but also affect governments in more diffuse and less remarked-on ways. They have long been familiar in Latin America, as we discuss below, and their prominence elsewhere in post-independence governments brings a sort of convergence in character with ex-colonial governments. The consequences for government functioning differ markedly; some patrons have promoted technocratic clients who have "modernized" governments; others have favored less competent types. But in general they have imposed constraints on the workings of government by universalistic rules "without regard for persons." The emergence of military governments in Indonesia, Korea, Pakistan, Burma, and elsewhere is clearly related to the relative advancement of their disciplined, conformity to general rules of conduct as compared with civilian structures. They have of course been penetrated by patron-client relationships but their relative insulation from many pressures has given them

²⁰ Cf. S. N. Eisenstadt and Louis Roniger, "Patron-Client Relations as a Model of Structuring Social Exchange," Comparative Studies in Society and History, 1980, pp. 42-77, with an abundant bibliography.

some of the strengths colonial bureaucracies once had. The capacity of military governments to resist special interests and to carry through with national policies has been evident in Asia as in other parts of the world.²¹

One needs to remember the problems of stability that have appeared in Asian ex-colonial governments to remember the inevitable concerns of governments to remain in power whatever they are accomplishing. The capacity to make and execute policy must be constrained by the needs of security and demands for loyalty and conformity flow from these concerns. Constraints on the open discussion of public policies are severe throughout nearly all the countries we have been considering with inevitable consequences for the way policy is made.

II. Latin American Contexts

It was already apparent in the Bretton Woods negotiations and in the Havana conference on the ill-fated International Trade Organization that Latin American countries would identify themselves quickly and readily as "developing" though it was evident that some of them were notably "advanced" in comparison with countries emerging from colonial rule. There have been, in addition to the Latin American countries, a very miscellaneous group of

²¹ Cf. Stephan Haggard, "The Newly Industrializing Countries in the International System," World Politics, pp. 344-370. This review article argues that the independence of the political elite was critical to the rationalization of economic policymaking in South Korea, Taiwan, Singapore, "and even HongKong, where economic policymaking has been in the hands of an independent colonial bureaucracy," p. 352.

independent countries ranging from such little developed cases as Ethiopia, Nepal, or Saudi Arabia, through the varied conditions of Thailand, Turkey, mainland China, and Iran. The display of common views which appeared in the U. N. and other international contexts have suggested commonalities in their interests and situations. But they presented quite different starting points for development and hence for the matters of policy formation and management which particularly concern us in this paper. The Latin American countries, for all their diversity, displayed some common features which we must try to analyze as a basis for understanding the relevance of development experience in that part of the world.

In contrast to the recently ex-colonial countries, the Latin American countries came into the development era with structures of government that were relatively much more open and fluid, with bureaucracies lacking the prestige of the colonial bureaucracies, and with long traditions of personal and particularistic leadership of governments. Relatively speaking, the private sectors of the Latin American countries were stronger and more powerful, whether in the older hacienda patterns or from the international commerce and industrialization which had developed in the first half of the 20th century.

When vigorous development programs began to emerge at the beginning of the 1960s in Latin America there was a spate of conferring, writing, and project development on the nature and structure of Latin American governments. In 1963, the Advanced School of Public Administration in

Columbia organized a conference on "Public Administration in Developing Countries" in collaboration with the Brookings Institution of Washington, which published the proceedings.²² Introducing the conference, the director of the Colombian School (ESAP), Guillermo Nannetti, spoke of bringing "organizational discipline to a disorderly continent"... "creating a civil service structure and teaching public administration."²³ But then came Frank Tannenbaum, Professor of Latin American History at Columbia University who told the conference somberly how difficult he thought this task would be. He argued that before worrying about the efficiency of government, one had to ask what stability government had and what legitimacy as representative of all the people. He thought the problem of legitimacy was, "for the most part, unresolved" with lingering traditions of government resting on personal and party loyalties and lacking the support of general consensus. The effect was to put a great premium on strong personal loyalties with resulting centralization of power around dominant leaders. One important result of this search for loyalty was administrative instability with whole retinues of followers moving in and out of government, or from ministry to ministry.

²² Ed. Martin Kriesberg, Public Administration in Developing Countries, The Brookings Institution, Washington, D. C., 1965, pp. viii + 198.

²³ Op. cit., p.2

"They really move as a group and not necessarily as individuals."²⁴

Tannenbaum thought these patterns inevitable in "an authoritarian society ruled by small groups of tightly knit families" and that an "industrial milieu, with almost infinitely varied openings for individual careers" was a necessary prerequisite for a successful civil service with a merit system.

The strong interests of USAID and the Ford Foundation in Latin America in the 1960s brought forth many hopeful efforts at improving government, but starting from critical assessments. Thus Professor John Honey of the Maxwell School, writing in 1968, found low prestige and pay in Latin American governments, and despite some good legislation on the books an effective lack of a civil service system like those in Europe or the United States.²⁵ Commentaries on Honey's analysis and prescriptions were supplied by Ford Foundation officers working in various countries of Latin America at the time. Peter Bell described the vast Brazilian public services which he estimated included nearly one million federal employees plus those in regional, 21 states and more than 4,000 municipal administrations. "Nearly 90 percent of those presently engaged in public administration were admitted outside of the legally compulsory examination system and thereby continue to

²⁴ Ibid, pp. 38-39. Tannenbaum cites his Mexican experience on this point. For evidence that the situation there did not change substantially in the next years see the comments by Lawrence Graham on Frederick C. Turner's paper, on pp. 189-190 in eds. William P. Glad and Stanley R. Ross, Criticas Constructivas del Sistema Politico Mexicano/ Critiques of the Mexican Political System, Austin (University of Texas Press), 1973.

²⁵ John C. Honey, Toward Strategies for Public Administration Development in Latin America, Syracuse University Press, 1968.

be suspect of nepotism, favoritism, and clientelism."²⁶ He described the problems of low wages, absenteeism (citing a Bahia study showing that 30 percent of those on the public payrolls never appeared at work,²⁷ slow procedures, and a long history of unrewarded efforts at administrative reform. But he was also able to point to strong points, as in the emergence of an elite of economists under the Castelo Branco and Costa e Silva governments. In Chile, Richard Feynel described a government that embraced a higher percentage of the employed than any other Latin America countries, but paid them badly and lacked a promotion system based on merit.²⁸ For Peru, James Himes wrote of "the indifferent or negative attitudes which citizens have toward the public service and the extreme scarcity of high-level human resources in the public service." He thought these to be "basic problems that are holding governments behind in the development process." Like others he was able to point to some promising starts, notably in the Banco Central de Reserva del Peru, but generally he found a "weakness or absence of pre-service and in-service training for public administration in Peru."²⁹ Writing on

²⁶ Ibid, p. 90.

²⁷ Ibid, p. 91.

²⁸ Ibid, p. 137.

²⁹ Ibid, pp. 153, 147

Venezuela, George Sutija reported a recent study that showed a very low regard for the 250,000 public employees in the country.³⁰

In an era when government was unquestioned as the prime agent of development, the situation in Latin America thus presented many difficulties and contrasts to the situation in many ex-colonial countries (including African ones). There were, however, certain advantages which the openness and fluidity of Latin American governments possessed. It was possible to look to the replacement of ill-qualified public employees by new and better trained ones and the viability of autonomous or private institutions gave places for the development of talents outside government. A heavy U. S. influence had long been felt in Latin America, and grew in the efforts of the Alliance for Progress. It brought strong emphases on educational development, administrative reforms, and new scientific and technical competencies, particularly in economics. Whatever the ambivalence and the endemic mistrust of Yankee imperialism, these concerns were enthusiastically shared by Latin Americans and brought rapid changes in the 1960s and 1970s. Efforts proceeded on nearly every front, from the educational system, through specific training efforts in management, public and private, to the reshaping of government agencies and policy formation.

The 1960s were years of great confidence in universities and the "modernization" of Latin American universities became a vigorously pursued

³⁰ Ibid, p. 158.

objective. The predominately legal education of civil servants made law faculties a subject of particular concern and attention, generating much enthusiasm, controversy, and the pondering that characterized the "law and development" movement.³¹ The basic and applied sciences, particularly agricultural, got much attention, and there were vigorous efforts, particularly by the Ford Foundation and AID, in building the social sciences. Relative to aid efforts in other parts of the world, universities in Latin America got particularly full attention, in part because direct efforts in technical assistance and institution-building within governments looked relatively difficult. But there were many difficulties in the way of making Latin American universities founts of competence for development. Traditions of university autonomy and their politicalization made for distant and mistrustful relationships with governments; low faculty salaries and their erosion by inflation, factionalism, and other causes made the growth of high quality education slow and uncertain. More hopeful possibilities were to be found in research institutions, sometimes associated with universities but often independent of them, and in training abroad.

Economics had pride of place among the social sciences and efforts were made both to develop the field in Latin American institutions and to

³¹ Cf. James Gardner, Legal Imperialism/American Lawyers and Foreign Aid in Latin America, Madison (Univ. of Wisconsin Press) 1980 for a rather overly critical account. Jorge Balan, "Social Sciences in the Periphery: Perspectives on the Latin American Case," ch. 9, pp. 211-247 in eds. Lawrence D. Stifel, Ralph K. Davidson and James S. Coleman, Social Sciences and Public Policy in the Developing World. Lexington Mass (Heath) 1982, provides a very instructive account of university reform in Latin America.

provide graduate training abroad, mostly in the United States. The urge to development was producing a strong demand for economists both within and outside government and it was possible to increase the numbers of well-trained ones fairly quickly. Emissaries of the Ford Foundation to Argentina in 1965 were able to report "enormous success" within the four years since 1961 in developing Argentina's corps of able and well-trained economists.³² A 1970 survey in Peru found only 10 or 12 economists with Ph.Ds and perhaps 100 trained at the master's level, with demand so strong that as many more could be newly employed each year for the next five years.³³ The development of research institutes provided both opportunities for professional employment and for impact on national policy formation. In Brazil, the Vargas Foundation and the IPE at Sao Paulo were emerging as strong and influential centers of economic analysis. It was from the latter that Delfim Neto and his team launched into the Brazilian government to guide the "economic miracle" of the late 1960s and early 1970s. In Mexico, El Colegio was emerging from its beginnings as a humanistic and historical research center to engage in economic and demographic research. In Argentina there was a Center for Economic Research in the Torquato di Tella Institute from the early 1960s and there were other research institutes related to the business community and

³² William Carmichael and Joseph Grunwald, "Economics in Argentina," Report No. 000026, p. 6.

³³ Janet Ballantyne, "Review of Economics Programs in Peru," December 1970, Report No. 001968, FFA, p. 7.

political parties which were to be followed by others after the political upheavals of the Sixties and Seventies.³⁴

While often precariously funded and at first with little support from governments, such institutions were relatively abundant on the Latin American scene. They gave professional employment to economists and others outside government and outside the universities and they often made possible the promotion of ideas and standards resisted by the universities. We shall deal further with some of these institutions in Part 3 of this paper. Suffice to say here that they emerged over most of the continent as new sources of competence that could make their influence felt and supply new talents to government.

The contributions of the Economic Commission for Latin America under the leadership of Raul Prebisch in these developments are properly celebrated. By 1977 staff of ECLA and its associated research institute (ILPES) could boast of training more than 6,000 people and to have brought economic planning to a point where they no longer had to send out planning teams but could devote themselves to new functions.³⁵ Whatever the controversies over the wisdom of the policies ECLA promoted, it gave impetus

³⁴ Cf. Carmichael and Grunwald's comments on the Fundacion de Investigaciones Economicas Latinoamericanas (FIEL) and the Instituto para el Desarrollo de Ejecutivas en Argentina (IDEA) in the report cited in n. 34 above. Both of these centers had, incidentally, acquired their research directors from Di Tella.

³⁵ Author's conversations, Santiago, November 1977.

to technocratic competencies within governments that could be intelligently responsive to ideas and research from elsewhere.

Training abroad has undoubtedly had a quite massive role since 1960 in improving professional competencies in Latin America. In a study for the Ford Foundation, Robert G. Myers reviewed the estimated \$250 million that Foundation had committed on more than 11,500 awards for post-graduate study abroad between 1960 and 1980.³⁶ In consultation with USAID officials he estimated that USAID had supported five times as many third world nationals in the same period. In this period Ford supported about 4,000 Latin Americans, 23 percent of them in economics, 18 percent in the non-economic social sciences, 24 percent in science and engineering and 16 percent in agriculture.³⁷ He made a particular study of Peruvian grantees with a follow-up questionnaire.³⁸ Although Ford supported less than six percent of the approximately 6,000 Peruvians who did post-graduate study abroad in this period, he found a detectable impact, at least in economics. In that field, Ford helped 80 Peruvians study abroad between 1963 and 1980. Candidates were found in the Central Bank, the National Planning Institute and other branches of government as well as in the universities. There was some "brain drain"

³⁶ Robert G. Myers, "Ford Foundation Support for Education Abroad of Third World Nationals, 1960-80," A Report to the Ford Foundation, September 1, 1983, pp. 108 with extensive unpagged appendices.

³⁷ Op. cit., pp. 31, 35.

³⁸ Robert Myers, "Training Abroad, A Case Study of Ford Foundation Assistance in Peru," The Ford Foundation, September 1983.

but "the contrast with 1960, when modern economics was virtually absent from Peru is clear; the country can now point to a solid core of well-trained extremely capable economists of various persuasions, with competence in a range of sub-fields within the discipline. These include agricultural economics, public policy, international economics, economic history, transportation economics, the economics of education, labor economics, money and banking and finance." He could also claim, "Ford-funded economists have held posts in this government as the head of the Peruvian Central Bank, as Minister of Trade and Commerce, and as Vice Ministers in Finance, in Commerce, and in Labor."³⁹

The attention to improvement of management and administration, already noted above, resulted in a strong growth of institutions for training, both pre- and in-service, consultation, and research. As in Asia, early efforts in public administration were gradually overtaken by management institutes with strong or primary attention to the private sector. Older establishments like the Vargas Foundation in Brazil were followed by newer models like IESA in Venezuela and INCAE in Central America. (Cf. 3 below).

It is easier to describe institutional and reform initiatives than to tell what they have accomplished. Efforts to bring Latin American competencies from the feeble states described above for the early 1960s had to be a long slog with no evident ending. (One has recently heard an Argentinian

³⁹ Op. cit., Appendix G, "Economics: Growth of a Discipline in Peru," unnumbered pages.

leader declaring that the number of government employees needs to be reduced by 20 percent.) Great differences exist between countries and it would be foolhardy to attempt a general summary. But it is unmistakable that in some countries, Brazil and Mexico being particularly notable, there have been high rates of economic growth accompanied by sharp improvements in the professional competencies available for policy formation. The problems in the structure of government that were found in the 1960s have by no means been overcome⁴⁰ but they have not proven to be insuperable barriers to progress. The existence of research and policy analysis centers outside government has apparently been important, both as sources of ideas and research findings, and as reservoirs for talent that may from time to time be available to government.

III. Building Competence for Policy Formation and Execution:

Types of Programs and Institutions

The account in the preceding section of this paper of the governmental and national contexts in which policies are made and executed has sought some broadly common elements in the vast diversity of national situations and experience. In the enthusiasm and optimism that independence,

⁴⁰ Cf. Alan Riding, "In Brazil, Battle of the Bloated Bureaucracy" on the continuing problems of wholesale political appointments, N. Y. Times, p. 15, April 1987, p. A-13. Concerns about legitimacy of governments persist twenty years after Tannenbaum's remarks cited above. Thus Anthony Padgen in a review of volumes 3, 4, and 5 of the Cambridge History of Latin America (Times Literary Supplement). April 17, 1987, p. 406 comments that the difficulties in establishing viable new states after the separation from Spain "were more than how to construct a viable polity out of the old regime; they were far more complexly how to make that polity legitimate, a task which few, if any, Latin American states have yet fully realized."

economic progress and hopes for development brought there was an idealistic simplification of the benevolent devotion of governments to national welfare and the possibilities of reconciling diverse interests. In such optimistic simplification, performance could be made critically dependent on professional competencies, correct ideas, and appropriate organization. The history of development efforts has been marked by rationalistic and positivistic faiths that frequently look naive in retrospect and that have been much battered by the experience of recent decades.⁴¹ At the present time, we have a chastened sense of the possibilities of controlling national development and the effectiveness of deliberate efforts in enhancing competencies for it. But in latter-day sophistication, we should be in a position to judge more wisely what sorts of efforts can be productive.

In this era of enthusiasms for liberalization and privatization, there are temptations to despair of governments' effectiveness. But national policies must be the business of government and the long established concern to build the necessary competencies within government has not been misplaced. It is never easy to sort out the contributions of competence to progress. Political leadership always involves decisions that are based on more than sound technical analysis. Luck and natural endowments may sometimes triumph over folly and incompetence. But the complexities of the situation and the demands modern governments face makes some endowment in technical competence

⁴¹ A fuller account of the author's views on this evolution can be found in "Rationality, Development and Scholarship," Social Science Research Council Items, v. 36, # 4, December 1982, pp. 49-57.

indispensable and it would be an eccentric judgment that gave no credit to the growth of such competencies in the successes of development in Asia and Latin America.

Professional economic competencies have been particularly evidently needed and been the focus of solicitous attention. My account of the poorly equipped state of civil services in such competencies at the beginning of the development era reminds us how much needed to be done. The record of Indonesia is a striking and instructive one which may be carried on from the point where we left off above.

The recovery of Indonesia from the economic chaos of the last Sukarno years under the new government formed by Suharto in 1968 was marked by a recourse to the small band of economists who had been trained in the 1950s and 1960s. Dr. Sumitro Djojohadikusumo was recalled from exile to be Minister of Trade in the new government and the group of economists who had nurtured in the University of Indonesia Faculty of Economics and the Institute of Social and Economic Research were brought into government. I have noted above that several had become ministers by 1971 and by 1975 Gillis found that all the Ph.D holders in the Faculty were in high governmental posts while holding onto their academic appointments.

The contributions of this "Berkeley Mafia" have been celebrated by friends of the Suharto government and deplored by its foes. The existence of a quite small number of well-trained Indonesian economists unquestionably made

a great difference at a critical time. As Gillis summarizes, "Only a handful of capable, well-trained economists is required to make a correct diagnosis of the factors underlying severe economic decay and dislocation such as that experienced in Indonesian from 1964-1967, and to prescribe bold remedial measures for arresting the problem."⁴² The achievements of this Gideon's band offer much encouragement for other countries that have suffered from mismanagement of their economies and a dearth of highly qualified indigenous economists to guide them into better ways. The numbers of people required are small enough that even quite small countries should be able to acquire them. And the discouraging circumstances in which the Indonesian group was built up around the Faculty of Economics is a reminder that bleak immediate prospects need not deter ultimately important efforts. Frank Miller, the Ford Foundation representative in Indonesia in the early 1960s recalls Widjojo Nitisaastro, then dean of the economics faculty and later to be Indonesia's chief economic planner saying, "We cannot do anything now. We can only build for the future."⁴³

The basis of sound national economic policy can thus be found in small numbers of well-trained people. Effective execution of policy requires much more. In the Indonesian case great natural resources, political stability and much international assistance were important to subsequent

⁴² Report cited in n. 17 above, p. 8.

⁴³ Frank Miller, "The Ford Foundation and Indonesia: 1953-69, Retrospect and Prospect," Ford Foundation Archives.

successes. The generally weak capacities of government and inadequate supplies of well-trained Indonesian talent have continued to be serious problems to the present day. Gillis in his 1975 survey went on from recognition of how much Indonesia owed to a few to say,

"A much larger, more specialized group of economists is required to deal effectively with the more mundane types of on-going problems for which the skills of the economists have elsewhere been found to be of some value (project selection and implementation, program design, longer run agricultural policy, natural resource issues, international trade policy and the like).

However, an adequate supply of such specialists has not been forthcoming to date, in spite of the vigorous efforts of the national government and a number of donors, in particular the (Ford) Foundation."⁴⁴

The formidable and persisting challenge of supplying such competencies has continued to be faced by the Indonesians with major training programs and continuing recourse to foreign advisors. The Harvard Institute for International Development has been engaged in Indonesia since 1968 and has been notably active in arranging training programs. A perusal of the HIID 1982-85 triennial report shows whole series of training programs for Ministry of Finance, State Bank, urban development and other officials. In the Finance ministry program alone, there were 29 officials in graduate degree programs abroad in 1984-85.⁴⁵

⁴⁴ Frank Miller, "The Ford Foundation and Indonesia: 1953-69, Retrospect and Prospect," Ford Foundation Archives.

⁴⁵ HIID 1982-1985 Triennial Report, Harvard Institute for International Development, 1737 Cambridge St., Cambridge, MA 02138, p. 27.

Economists are indispensable but only a small part of what it takes to develop a country. When the University of Indonesia Faculty of Economics was starting to train talent for the country it busied itself with accounting and business administration as well as with general economics.⁴⁶ Indeed, there was a disposition around 1960 to shift the emphasis in training faculty away from economics and toward these subjects. The concern to improve and reform Indonesian management has been almost constant in the government and in external agencies since the early resolutions we noted above. But the task looked Augean and deterred massive efforts until the current one in which the World Bank is playing a major role. The Ford Foundation engaged a very senior American administrator, Philip J. Hughes, in 1970 to advise on what it might do. He looked back to a 1954 report by Litchfield and Rankin on "Training for Administration in Indonesia" and found neither much change in the basic problems or much reason to think that training could make major improvements. He concluded that "the most significant and basic cause of Indonesian Government public administration problems is the weakness of the personnel management system, both in detail and in overall concept," and addressed his recommendations to this subject, not to training.⁴⁷ The principal burden of change clearly had to be the responsibility of the

⁴⁶ Cf. Richard W. Dye, "The Jakarta Faculty of Economics," Report # 000374, 1964, FFA.

⁴⁷ Consultant report of P. S. Hughes re Improvement of Public Administration in Indonesia, addressed to Mr. John Bresnan, report # 004691, March 20, 1970, FFA. Quotation from p. 3.

Indonesians themselves.

The will to change and improvement has clearly been strong and an enormous array of efforts have been made in the last two decades. They have characteristically been made within government and without significant growth of independent policy, research, or specialized training institutions. The enormous growth of universities has been accompanied by close control and the absorption of academics in governmental posts and consulting activities has gravely restricted the time and effort that could be put into university duties. The Gillis review pondered the wisdom of diverting economists and others from training new generations of Indonesian professionals while they devoted themselves to urgent current work of the government. The dilemma is a classic one that hardly admits of clear solution, but it is clear that the consequences of the Indonesian choices have persisted. One found the USAID director in Jakarta in 1983 sufficiently distressed at them to be considering schemes for salary supplementation that would enable economists to devote more time to university teaching. The Institute of Social and Economic Research that had been started with the Jakarta Faculty of Economics was gravely weakened by the absorption of its leaders into government and subsequent efforts to develop research have largely remained within government. Such have been the Center for Policy and Implementation Studies, the earlier Development Program Implementation Studies, and the Center for Financial Policy Studies and Training, in all of which HIID has collaborated.

Indonesia thus presents a record in which a great deal has been attempted in the improvement of policy formation and execution, with some notable accomplishment. What has been done has been overwhelmingly within close governmental control and there has been little growth of external research and policy planning, in universities or elsewhere. In a continuing atmosphere of nervous control over public debate and sensitivity to criticism, this situation shows little likelihood of early change.

On the Asian scene, the strongest contrast to the Indonesian record is, of course, to be found in India. There have been some vicissitudes, as in the Emergency, but the persistence of democracy and a remarkable openness in public debate has given space for a substantial growth of independent institutions and for interplay between academics and government. The strong heritage from the colonial bureaucracy was leavened by the devotion to planning and Nehru's openness to ideas. The proud and unspecialized traditions of administrators have posed barriers to specialists and outsiders and complaints about the incapacity of government to make use of research and ideas from outside have persisted through the years.⁴⁸ But there was early Planning Commission blessing and support to Ford's 1958 efforts to

⁴⁸ Thus Lewis in the 1975 report cited above, p. 21, "...the weak link in institute-government relations may lie on the side of government's capacities to use institute product. The government economists were by no means wholly admiring in their appraisals of the usefulness and reliability of the studies the institutes make available." Or the comments of a Ford Foundation officer on the inability of ministries to utilize research because of lack of appropriate staff: Peter Geithner in Program Action 69-67, FFA, where references are to the Economic Cell in the Ministry of Agriculture, the Ministry of Finance, the Trade Development Authority of the Ministry of Commerce.

strengthen the Institute of Economic Growth at the University of Delhi, the Department of Economics at Bombay, the Indian Statistical Institute, the National Council of Applied Economic Research and the Gokhale Institute at Poona. A decade later when the central government was less attentive to external ideas and research, there was a growth of institutes closer to the state governments, as in the Sardar Patel Institute, Ahmedabad, or the Institute of Social and Economic Change, Bangalore, with support from both central and state governments.

While there has been a strong decline in recourse to foreign advisors since the 1950s and cycles in the "policy dialogue" with major donors,⁴⁹ experienced observers have found growing interaction between government policymakers and the economics profession throughout India. In 1975, John Lewis found that "The Indian profession remains segmented...Yet there is much more intercourse between government and the strong academic centers than was observable 15-20 years ago. No longer are academic economists cut off from the 'cyclostyled' government-memorandum world of serious policy economics as they were then, and no longer is it uncommon for leading economists to move back and forth between official and academic and/or research institute posts."⁵⁰ Other observers believe the interaction has continued to grow.

⁴⁹ Cf. Robert Cassen and associates, Does Aid Work?/Report to an Inter-Governmental Task Force, Oxford, 1986, pp. 88-89 for a brief summary.

⁵⁰ Lewis, report cited above, p. 13.

The development of the Indian Institutes of Management at Ahmedabad, Calcutta, and Bangalore and the Administrative Staff College at Hyderabad have brought new resources both for management training and policy formation. As in other parts of the world, the emergence of management institutes with a strong or primary orientation to private business has been one of the most successful institutional developments of recent decades in the developing countries. These institutes have been able to attract students and staff of high quality while avoiding weaknesses that have afflicted strictly governmental institutes of public administration on the one hand, or those of universities on the other. Their viability has clearly depended, in India and elsewhere, on the existence of a sufficiently extensive private business sector to provide attractive careers to graduates. Given such a base, they could become an important resource for public management and for the great range of policy problems in which organizational development and change are of central importance. A full discussion of the experience of these institutions is not feasible within the scope of this paper, but counterparts in Latin America will later require our attention.

The extraordinary progress of South Korea since the 1950s makes its experience of particular interest. The heritage of its bureaucracy has been briefly described in Part II above. While there was only slow progress in the 1950s in bringing new competencies into the governmental services, extensive training and educational development were preparing the way for rapid progress. Large numbers of Koreans were receiving higher education in

the U. S. in economics and other fields, and advanced training institutions began to appear in Korea. The military was in the lead with the National Defense College and the ROK Army Logistics School (both 1956); the National Officials Training Institute began in 1959 in-service training for higher civil servants; the Graduate School of Public Administration at Seoul National University (1959) brought together civil servants, military officers, and graduate students; and Business Administration Programs were established (1958) in the private Yonsei and Korea universities.⁵¹ The basis for serious economic planning was being laid in the Research Department of the Bank of Korea, the Budget Bureau of the Ministry of Finance, and various ministries.

In the words of Hahn-Been Lee, "the April Revolution (1960) put a stop to the dominance of the Japanese-educated elite in the political-administrative structure of Korea."⁵² The subsequent military government had been prepared by a decade of training and had acquired a "store of managerial capacity which was not matched in scope or depth" elsewhere in Korea (Ibid. p. 149). After assuming power they were able to introduce their methods and procedures into the civil bureaucracy.⁵³ During the 1960s, both at the ministerial and civil service levels strongly equipped technical leadership developed in government that has been able to guide policy and

⁵¹ Lee, op. cit., pp. 88-89.

⁵² Ibid., p. 120.

⁵³ Ibid., pp. 149, 173.

planning for the great upsurge that country has achieved.

The Korean Development Institute emerged in 1971 and has become the outstanding example (outside Japan) of a research institute outside but closely related to government. The strategy for its development involved attracting back to Korea well-trained economists who had remained abroad. According to one knowledgeable observer,⁵⁴ there were only six or seven Ph.D economists in Korea in 1969 (not counting people who had Japanese Ph.Ds from the 1930s or 1940s). The experience of several years of boom in Korea and the contracting academic market in the U. S. made return to Korea attractive and 12 economists came back when KDI began in 1971. Subsequently there has been rapid growth in KDI and in the numbers of highly trained Korean economist. (Several hundred Ph.Ds now, many of them very good, and excellent training available in Korean universities).

KDI has managed to keep reasonable autonomy, though close to government and funded by government. Much has depended on strong leadership and personal relations to top figures in government. There has been some use of KDI as an operational arm for government or as a means of dealing with international agencies and visiting delegations. But such use appears not to have been excessive and KDI's international professional linkages have strengthened its commitment to long-term and professional interests. The Harvard Institute for International Development provided much assistance to

⁵⁴ Dwight Perkins, Director of HIID. Perkins spent several months in Korea not long before the establishment of KDI.

KDI's development through the 1970s. Some training was instituted in the late 1970s but KDI has remained primarily a research institute.

Other Asian experience should also be noted. The importance of the Pakistan Planning Commission as a locus for the growth of economic and technical competence in that government has already been noted. The Planning Commission began in 1953 with heavy technical assistance from a Harvard Advisory Group. In the pattern then feasible this Harvard group engaged directly and actively in advisory functions but was quickly engaged in providing training abroad for Planning Commission and other governmental economists abroad. The policy-making efforts in the Planning Commission stimulated a demand for a research unit removed from day-to-day decisionmaking and the Pakistan Institute of Development Economics was established in 1959.⁵⁵ This institute, supported by the Pakistan government and by Ford Foundation grants of almost \$3 million between 1959 and 1969 ⁵⁶ became vigorous and highly regarded during the 1960s, as Lewis tells: "Pakistan in general and PIDE in particular became the darling of the international development economics community; almost everyone who was anyone in the American and West European branches of the trade seems to have served (in many cases actively)

⁵⁵ This account draws heavily on two sources: George Rosen, Western Economists and Eastern Societies/Agents of Change in South Asia, 1950-1980, Baltimore and London (John Hopkins University Press), 1985, and John P. Lewis, "Economics in Pakistan and the Ford Foundation," Report # 002553, November 18, 1975, pp. 34. FFA.

⁵⁶ Rosen, pp. 66-67.

on PIDE's advisory board."⁵⁷ By 1964 the Institute's Pakistan Development Review was being read outside Pakistan, its national income course was thought to be the best in the world, and it enjoyed good and influential relations with the Planning Commission, the State Bank, and the Central Statistical Office, as well as with the Harvard Group and with USAID.⁵⁸ PIDE became a launching pad for Pakistani economists into international respect and prominence and it was beginning to become a locus of training when Ayub Khan's government fell and East Pakistan broke away to become independent Bangladesh.

There can be little doubt that Pakistan's record between the early fifties and the late sixties shows a remarkable growth of economic policy-making competencies. John Lewis could write enthusiastically in 1975 that "Ford's record in Pakistan probably is the classic case of successful promotion of applied developing-country economics by an external aid agency."⁵⁹ But by that year he saw that most of what had been built would have to be built again. A full account of what happened in the turbulent years after 1967 is beyond the scope or needs of this paper but it is important to try to understand how this achievement fell apart. In the first place, the identification of the Planning Commission and PIDE in Pakistan with

⁵⁷ Lewis, report cited in n. 57. p.4

⁵⁸ Rosen says that Pakistan government agencies trusted PIDE more than one another and would release data to it, op. cit., pp: 212-213.

⁵⁹ Op. cit., p. 2.

the Ayub government and its policies made them vulnerable to strong antipathies, whatever the technical quality of their performance. Secondly, the PIDE came to be viewed with hostility because of its leadership and its attention to the troublesome resource-allocation issues between East and West Pakistan. Thirdly, the professional quality that had been achieved gave great opportunities for "braindrain" which has continued and has made very difficult rebuilding of competencies within government or in PIDE. Like all history, Pakistan's has unique features that affected what happened, but both the successes of the early years and later retrogressions show the feasibility or rapid increases in competencies and their precariousness. The heavy role of technical assistance in the early years is hardly likely to be replicable or desirable in contemporary circumstances but there can be little doubt that strong and continuing international inputs were important. And the dissidence of Bengali economists in PIDE was important to the independence and quality which PIDE achieved. (A Ford Foundation representative in Pakistan commented on "...the absence of a critical tradition [in Pakistan], of an intellectual environment of which the Institute should have been only one small constellation. There, at PIDE, it was a steady stream of foreigners and a clump of angry Bengalis that kept the place alive.")⁶⁰ The comment was made anent the Institute of National Planning in Egypt, which had failed to achieve vigor and influence comparable to that of PIDE in its years of flourishing.

⁶⁰ Memorandum, Edwards to Bell, July 17, 1976, in grant file 59-472, FFA.

Competence Building in Latin America

The instability and uncertain legitimacy of Latin American governments at the beginning of the Sixties and their poor equipment for the tasks of policymaking and development have been depicted. The efforts of recent decades have brought notable increases in competencies, both within and outside governments, amid many continuing deficiencies. The growth of professional economic competencies for policymaking has been particularly notable and has been much dependent on training abroad as described in Part 2 above.

The growth of economic competencies in Latin America has been fostered in some countries by the rise of strong research and graduate-level training centers. The role of some of these centers deserves our attention.

Brazil has had several strong centers beginning with the Vargas Foundation and the Instituto de Pesquisas Economicas (IPE) at the University of Sao Paulo. IPE began in 1964 when the Faculty of Economics of the University organized it to house graduate teaching and research. It had modest support from the state government of Sao Paulo, starting at \$55,000 in 1964, and quickly attracted strong external support from the Ford Foundation and USAID. In the early years, it was dependent on this external support for 75 percent of its financing, but then attracted Brazilian support so that by 1973 the Ford Foundation's support had declined from 50 percent to 5 percent

of the annual funding.⁶¹ The departure of Delfim Netto, its original founder, along with a team of followers to assist him as Minister of Finance in 1966 did not arrest the progress of IPE and began a pattern of movement back and forth between IPE and government service which has continued. The Brazilian support IPE attracted came from several sources - a Special Fund to Develop Technical Training of the Brazilian Development Bank (FUNTEC-BNDE) and a Fund for Research of the State of Sao Paulo (FAPESP) along with research contracts from the National Planning Ministry, the Sao Paulo Planning Ministry, and BNDE. External support provided overseas training and a flow of distinguished economists, including Tobin, Harrod, Machlup, Schultz, and Georgescu-Roegen as visits and collaborators. In 1974, Ford could boast that between 1966 and 1973 it had funded graduate study in Europe and America, principally at the doctoral level for 75 individuals, many of them from IPE.⁶² There was also a vigorous growth of graduate training at IPE with Inter-American Bank and other support. A later evaluation proclaimed, "With the exception of the Vargas Foundation and, to a lesser degree, Brasilia, no graduate economics program in all of Latin America comes even close to matching this 'center of excellence'".⁶³ At the time IPE had 32 professional staff, all full-time except six who were partially on the Faculty of Economics budget, and of whom 12 had Ph.Ds from the U. S. with 6 more completing them.

⁶¹ Baer to Nicholson, June 7, 1974, p. 2, in grant file 65-7, FFA.

⁶² Request for grant action, Sept. 3, 1974, in grant file 65-7, FFA.

⁶³ Reynold Carlson, May 28, 1976, p. 5 in 65-7, FFA.

The growth of this impressive institution was clearly dependent on the rapid economic progress occurring in Brazil and its competencies made contributions to that progress. There were some costs as well as gains from economic progress. A booming non-academic demand for professional economists from both public and private sectors brought the distractions of consulting opportunities and difficulties in holding promising youngsters. Heavy dependence on research contracts brought familiar problems of narrowness and budgetary precariousness and pleas for "free" research funds. Arnold Harberger in 1975 thought IPE needed such funds and continuing support for overseas training despite the "flourishing" state of economics there.⁶⁴

IPE was not alone in this rise of Brazilian research and graduate training centers. Vargas and the University of Brazilia have been mentioned, and others at the Federal University of Minas Gerais (the Center for Regional Development and Planning, CEDEPLAR), Recife and Fortaleza could be added, along with centers devoted to agricultural economics. Most of these institutes had university connections and Ford Foundation officers were firmly persuaded that their strategy of concentrating on "university programs, rather than governmental planning agencies, had paid off handsomely."⁶⁵ Brazilian universities were in this period in a phase of strong growth in resources and the institutes were relatively insulated from some of the pressures of

⁶⁴ Harberger to Nicholson, Sept. 17, 1975, in 65-7, FFA.

⁶⁵ Nicholson to Carmichael, March 12, 1974, in 65-7, FFA.

university settings by their research income and external support. This attraction to universities was to be perturbed by political pressures on them of the sort that have afflicted universities very widely in the Third World. But the hope of a 'regenerating' capacity, whereby Brazil could reduce its dependence on foreign graduate training was a strong motivation among both Brazilians and their external supporters to favor research institutes linked thereto. The remarkable development of graduate study in Brazil has continued to the present day and surpasses efforts elsewhere in Latin America.

While Brazil can illustrate the successful development of policy research in university settings, it has also displayed conditions leading to the establishment of independent research institutes. Among these, the Centro Brasileiro de Analise e Planejamento (CEBRAP) has been conspicuous. Its image was described in 1975 as "Brazil's sole beacon of academic liberty and sole channel of exchange with liberal, progressive or socialist scholars and institutions abroad."⁶⁶ The origins of this institute lay in the severe political and ideological dissension in Brazil in the late 1960s. It was founded by a group of forcibly retired professors (aposentados) from the University of Sao Paulo under the leadership of the political sociologist, Fernando Enrique Cardoso, and a group of active colleagues who produced a series of widely noted and well-regarded studies on political subjects, population, rural and urban subjects, and religion. CEBRAP became a leading exponent of dependencia theories and won accolades as "the outstanding social

⁶⁶ Morse to Venezian, May 21, 1975, p. 2 in grant file 75-593, FFA.

science research institute in Brazil."⁶⁷ The establishment of this center by a group of scholars evidently mistrusted by the ruling government and critical of its actions was made possible by a margin of tolerance in Brazil and by external support. In the period 1970-72, CEBRAP's funding was 70 percent dependent on the Ford Foundation, but it was able rather quickly to diversify its external support and gradually to secure research contracts within Brazil. Its engagement in population studies in particular gave it access to international sources of support in this field. By 1980 it acquired economists and was able to establish Grupo de Conjuntura with financing from the Planning Secretariat of the State of Sao Paulo, and thus to engage more widely in issues of current economic policy. The 1980s have brought familiar problems from the constraints of dependency on research contracts, crises from shifting levels of funding, and uncertainties of direction as changing leadership and the evolution of the Brazilian political setting inevitably brought. But CEBRAP continues to this day as an important exemplar of the viability of independent and influential research centers in Latin America. Its location in the burgeoning metropolis of Sao Paulo, the quality of its staff, and a margin of freedom that made it viable under an authoritarian government have evidently been important reasons for its success.

Another successful Latin American institutional development that deserves our attention is presented by El Colegio de Mexico. This institution

⁶⁷ Raymond Carr in letter to Morse, April 7, 1975, 75-593, FFA, which file also contains (solicited) laudatory letters from Victor Urquidi, Albert Hirschman, Richard Fagen, Albert Fishlow, and Thomas Skidmore.

was established in 1940 as a literary and humanistic research center. Under the leadership of the historian, Daniel Cosío Villegas, it won respect and international recognition but remained small until the 1960s when it began a major expansion. Its budget rose from US\$200,000 in 1962 to \$1,300,000 in 1971 with support from UNESCO, the Mexican government and the Ford Foundation. An Economics and Demographic Studies Center was established in 1963 with Ford Foundation funding and has grown into a major resource for training and research, with good links to government, Mexican and other Latin American universities. It has confined itself in this field as in most others to graduate training and has been able to attract more high quality students than it can accommodate.⁶⁸ While the initial expansion of El Colegio in the 1960s depended heavily on external support, both financially and through visiting professors, it won increasing Mexican government support which was providing 80 percent of the budget by the early 1970s and has since provided a handsome new campus on the outskirts of Mexico City. Good relations with government have been sustained by graduates serving in government, by appreciation of El Colegio's research contributions, and by the distinguished leadership of its longtime president, Víctor Urquidí. While El Colegio has grown it has managed to avoid the vast expansion that Mexican universities have undergone, restricting its admissions severely and confining its training largely to graduate levels though it does offer licenciaturas in international relations, and (since 1982) in public administration.

⁶⁸ This account of El Colegio is based largely on materials in the FFA, in particular the grant files 70-224 and 73-0874, and report # 001514, Calvin P. Blair and Kalman H. Silvert, "El Colegio de México--An Evaluation," December 4, 1969, pp. 70.

El Colegio thus presents many of the features of independent institutions that have served successfully elsewhere in building competencies for policymaking and governmental functioning. It has been able to maintain good standards in graduate training and research, avoiding excessive expansion, and keeping good relations but some independence from government. Its role in economic policymaking has been somewhat more limited than the leading Brazilian institutions, perhaps because of initial concentration on demographic and urban development studies, and it has been criticized in recent years for neglecting analysis of Mexico's macroeconomic adjustment problems. It has had difficulties at times in holding its staff who were lured by more lucrative opportunities elsewhere. But it continues as the sort of resource other developing countries have envied and needed.

The enthusiasm for reform and improvement of public management that rose in the 1960s hardly survived that decade, and it is difficult to find parallels to the rise of economic competencies in other fields. Faith in the subject of "development administration" declined sharply after that decade and hopeful titles like Development Administration in Latin America⁶⁹ became rare. Schools of public administration have persisted but without the stimulus of much international interest, and in the present mood of liberalization and privatization it is fashionable to deplore the intractable

⁶⁹ Eds. Clarence E. Thurber and Lawrence A. Graham, Duke University Press, 1973.

weakness of public services and to look to the private sector for well-managed activities.

The institutions we have noted in Asia which combine management training for private and public sectors have had their counterparts in Latin America. Two notable examples are the Instituto Centroamericano de Administracion de Empresas (INCAE) originally based in Nicaragua and latterly in Costa Rica, and the Instituto de Estudios Superiores de Administracion (IESA) in Venezuela. The former of these began in 1964 with major support from USAID as a business administration school on the model of the Harvard Business School. The pattern of its development is one that closely followed the pattern of similar schools in Turkey, the Philippines, and India. The initial period from 1964 to 1967 was devoted to research, preparation of case materials and advanced management seminars. An M.B.A. program in business administration started in 1968, which had enrolled a total of 120 students from 13 countries by 1971.⁷⁰ While the initial development was directed to the private sector, special concerns with agribusiness (funded by the Central Bank of Nicaragua) and development banking led toward public management interests. It was found that many students were in fact preparing for public service and by the mid-Seventies several ministers in Central American

⁷⁰ A brief summary account of INCAE and IESA may be found in eds. David C. Corten and Felipe B. Alfonso, Bureaucracy and the Poor/Closing the Gap, Singapore, etc. (McGraw-Hill International) 1981. This volume includes papers by INCAE and IESA staff. The files on Ford grants to INCAE, 72-406, 73-647, 74-652 in FFA, contain much instructive material.

governments were graduates.⁷¹ There were also increasing requests from governments for consulting services. In 1971 the interests of the Ford Foundation in improving the management of family planning programs stimulated a program in social service delivery; by 1974 there was a course in public corporation management and seminars were being held for public officials. This increasing engagement with public management and policy was encouraged by external support.⁷² Since the Nicaraguan revolution of 1979, INCAE has engaged very actively in the efforts of the new government to reorganize ministries and public services.

INCAE has special interest as perhaps the most international of the group of management institutes and one that has served small countries. Points made earlier about Asian institutes are relevant to its successful development: its initial sponsorship by the private sector and the capacity to attract good students with career prospects in that sector; the important role of external assistance, both through initial staffing and through financial support for training of its own staff and much else; the gradual assumption of consulting and training roles for the public sector. It has not been a large institution--by 1980 it had 180 students in its two-year MBA course and a full-time faculty of 30 members of half a dozen different

⁷¹ Cf. the Request for Grant Action, # ID-2345, August 4, 1975, for a supplement to 74-652, FFA.

⁷² FF grant 74-652 had this purpose and USAID supported a Rural Sector Management Project in 1976-1978.

nationalities.⁷³ Quite aside from the political vulnerabilities its strong U. S. linkages and its private sector beginnings gave it, there were problems, not unknown elsewhere, in extending its work into public policy and management. For example, at the final evaluation the Ford initiative in family planning and social service delivery had not institutionalized these concerns at INCAE, because: (1) the project personnel were all North American; (2) the governments were not especially interested; and (3) the field was too specialized for a regular program at INCAE.⁷⁴ These problems were subsequently overcome in the design of programs in both the management and policy areas for high-level government officials, but problems persist in the institutionalization of programs involving grassroots developments.

These varied examples of research and training institutions could be extended with others such as Di Tella in Argentina, FEDESAROLLO in Colombia, or CIEPLAN in Chile. But they may suffice to demonstrate the significant roles such institutions have been able to play in Latin America in the past couple of decades. Their emergence and evident utility have apparently depended on a number of conditions. Among them we may discern: (1) the relative openness and fluidity of Latin American governments which were noted in Part II of this paper; (2) private sectors strong enough to provide support for both training and research activities; (3) the growth of a cadre of economists and other social scientists to provide the necessary

⁷³ Corten and Alfonso, p. 242.

⁷⁴ Nagel to Drysdale, February 10, 1977, p. 9, in 72-408, FFA.

talent, combined with (4) a tolerance for social science publication of considerable critical diversity; and (5) substantial international support, both financial and intellectual, coming from various sources (Sweden, Canada, the Netherlands, etc., as well as from the United States). In addition to their contributions through research, policy analysis, public debate, and training, these institutions have provided reservoirs of talent which have from time to time been brought into public service. Their flourishing has in turn been dependent on the strong growth of economies, the continuing rise of educational levels and professional competencies in government and elsewhere.

IV. The Role of External Assistance

External assistance has certainly played a major--and frequently critical--role in the development of competencies for policy formation and management we have been surveying in Latin America and Asia. The beginnings of most of the institutions we have described or the training of the professionals to staff them have been dependent on external aid. In many instances, as for examples El Colegio in Mexico or IPE in Brazil, there has been rapid progress away from dependence on external financial support. In other cases much more protracted dependence on such support has existed or new needs have arisen because of political conditions and instabilities. Countries like Indonesia that began with very thin cadres of professionally trained talent have felt the need for long support. In Latin America, many of the private and independent research institutes have had long struggles in finding adequate local support, particularly if they took critical views of

prevailing government policy and embraced fields other than economics. Argentina and Chile have shown such conditions in recent years.⁷⁵ The sharp reductions in external assistance that appeared in the 1970s in Latin America and have persisted have been the cause of great concern, stimulating the Joint Committee on Latin America Studies of the SSRC and ACLS to a major review of the situation (with, of course, heavy participation of Latin Americans).

Important as external financial support has been, it may be more readily reduced than the international professional contacts which it initially fostered, and which are often difficult to maintain without it. The importance of these contacts in the development of PIDE, KDI, and most of the Latin American institutions we have surveyed has been evident, and the influence of overseas training has been very great. In a 1980 review of the state of economics in Latin America, Venezian commented:

"Institutions and scholars can rapidly fall behind in the science if they do not maintain close contact with the leading economics centers in the world, which means mainly certain North American universities. Reading the journals is probably not enough, especially if the local libraries are not well supplied. Thus, a broad program of sabbaticals, attendance at seminars, faculty exchanges, joint research, and the like, involving selected institutions from outside the region, is essential. Although some of these activities now occur through various funding schemes, on the whole they are extremely limited and are becoming increasingly difficult to implement since the traditional international

⁷⁵ Cf. Balan, p. 237 in essay cited in n. 33 above.

assistance agencies have cut back their support in Latin America."⁷⁶

The phasing of development assistance is always subject to uncertainties and criticisms of inducing protracted dependency are familiar. But at least for high quality performance of research institutes it would appear that long continued capacity to maintain international professional relations is needed, and not readily sustained with local resources alone. There have sometimes been doubts about the consequences of these relationships in promoting brain drain or excessive attention to international audiences at the expense of local relevance. Lewis' review of the history of PIDE expressed such concerns⁷⁷ and it is certain that brain drain has been facilitated in Pakistan and many other countries by the capacity to do international quality work. The suggestion has occasionally been made that deliberately lower standards should be the norm in building national cadres, but typically rejected as offensively condescending.

Whatever the level and extent of external assistance, it has typically been found that there is a serious problem of sustaining the staffs of institutions that are the targets of effort. In its years of fostering the Pakistan Planning Commission and PIDE, the Ford Foundation was repeatedly distressed at the continuing need to train new generations. A similar

⁷⁶ Eduardo Venezian, "The Economic Sciences in Latin America," p. 209, In Social Sciences and Public Policy in the Developing World, n. 33 above.

⁷⁷ Cf. n. 57 above.

instability has marked the staffing of Latin American institutions, either because of departures to international organizations or to other positions in Latin America.⁷⁸ In some other places (Korea, Indonesia) the problems of replacement seem to have been less serious, but there must be a general expectation that substantially larger numbers of people must be trained than the scale of the relevant institutions would suggest. Much of the early effort in counterpart training through technical assistance was frustrated by rotation and instability, as have carefully tailored programs of academic and professional training. The retention of good professionals is much helped by national progress (as Korean and Brazilian experiences have shown) and one must expect the challenge to be particularly severe where there is stasis or deterioration.

Finally, a word should be said in favor of high quality in the agents of external assistance. Reviewing files and evaluations on projects of the past brings constant reminders of progress that has depended on high quality in overseas training and in the talent that could be mobilized for institution-building in the developing countries themselves. It was probably easier to mobilize talent for such efforts when development was a new and exciting interest. But with the greatly increased numbers of resources and talented people in many countries nowadays the means to sustain high quality exist and merely adequate performance need not be accepted.

⁷⁸ Venezian, op. cit., n. 82, p. 205.

V. Some Conclusions from Asian and Latin American Experience

- 1) A relatively small number of competent economists can make major differences in the quality of economic policy formation. The requisite numbers are not beyond the reach of quite small countries.
- 2) Overseas training to the Ph.D. level is typically needed. Training within the countries has been inadequate and has long remained so, even in large and relatively sophisticated countries.
- 3) Problems of turnover and brain drain mean that numbers of highly trained economists in excess of a feasible minimum are required. In some cases, attractive opportunities can bring repatriations (Korea).
- 4) "Reservoirs" of talent outside operating ministries are important. These may be found in universities, research institutes, or consulting firms. The extent of the private sector is important to their existence.
- 5) A large array of specialized competencies, in economics and other fields, is needed for sound development. Such competencies have been only slowly acquired and it has not been easy to incorporate them effectively in public services that have been slow to reward them satisfactorily. Purely internal government reforms are likely to require supplementary resources like some mentioned below.

6) Public employment has been sufficiently attractive that public services become seriously distended and are intractable to reform. The experience in general administrative training and reform is not encouraging when confined to government. More encouraging experience has come in combinations of public and private management.

7) Management institutes with a strong orientation to the private sector have been successful and effective in both Latin America and Asia. They have become an important resource for public management training and for research and public policy formation.

8) Since policy formation requires attention to questions of organization and management, institutions devoted to these questions have evident potential in dealing with them. The combination of policy formation and training has not been without problems but experience is sufficiently encouraging to give hopes for such combination in other countries.

9) The need to supplement analysis of policy issues in working - ministries by research from other sources has been almost universally recognized, and has grown with understanding of the complexity of development problems and of current economic management. Such research has been sought in various arrangements, some closely integrated with government and some more clearly independent. The forms depend on such contextual factors as the extent of the private sector, the tolerance of government for independent institutions, the stability of universities, and the extent of international

assistance.

10) Some conditions for effective utilization of research and policy analysis may be identified as follows:

- a) The capacity and readiness of civil servants to use ideas and analysis generated elsewhere. Much potentially useful work has been ignored, neglected or rejected. An effective research institute needs counterparts who understand and value its work.
- b) Some autonomy or approach to an "arms-length" relationship between research institutes and operating ministries is needed. It may be achieved in quite authoritarian settings if some of the following conditions are present.
- c) Personal leadership by trusted and respected figures has been important in most cases (Mexico, Brazil, etc.).
- d) Diversified funding and active linkages to international agencies and professionals has typically been helpful to the autonomy and quality of work of institutes. As in any field of intellectual endeavor, the maintenance of quality depends importantly on international standards and stimulation, which may be expected to be particularly important for small countries.

- e) . A vigorous private sector can be very helpful though it may make difficult the retention of research staff. But there have been instances in Asia where this has not been critically important.

11) Relations between universities and governments have been uneasy over most of the Third World and may be expected to remain so. There has, nevertheless, been an important, and in some cases, growing interchange between academics and the civil services. University professorships provide one of the "reservoirs" mentioned above, and make possible a turnover in policy-making positions that responds to changing conditions and needs.

12) Full-scale universities largely devoted to undergraduate instruction have been less propitious settings for policy research and advanced training than more selective institutions emphasizing graduate training. Instances are El Colegio de Mexico, the Vargas Foundation, the institutes of management in India and the Philippines. There are, however, examples of effective developments within major universities, given strong leadership and support from both domestic and international sources (IPE at Sao Paulo, the School of Economics in the University of the Philippines).

13) The history of Third World countries in the past decades makes it appear that there will inevitably be ups and downs in the effectiveness of any means of promoting good policy formation and execution. Institutions that have been influential and effective in one period suffer decline in others and one should not be discouraged if restoration and renewal are regularly needed.

APPENDIX B

THE AFRICAN EXPERIENCE

Introduction

This paper describes the history and present state of capacity building for policy analysis in Sub-Saharan Africa. Policy analysis is defined in this case as macro-economic policy analysis with intersectoral implications and policy analysis in major sectors, particularly agriculture. The objectives of the study is twofold: to review the experiences of selected donor agencies, excluding the World Bank, in supporting institutions engaged in policy analysis and research; and, to assess the state of policy-making in African countries based on donor experiences.

The analysis emphasizes capacity building in institutions, such as research centres within universities, which enjoy an arms-length relationship with government and which potentially can provide solid empirical economic analysis for policymakers. The review also describes the experience of certain donors in strengthening government ministries since a large percentage of donor support for policy-making has gone directly to ministries such as finance and planning.

The review analyses the lessons donors have learned in terms of those activities which have proven especially significant in building

institutional capacity and in increasing the level of demand for policy-relevant research and analysis within African countries. The analysis, therefore, looks at the different approaches or strategies used by donors, and the differing results that these strategies have yielded within various national and institutional contexts in Sub-Saharan Africa.

The paper begins with a description of the general context for policy analysis in Africa. This description raises the major generic issues facing African governments and international agencies interested in stimulating both policy analysis and the demand for it from different national clients. The next section describes the activities in this area of the three major types of donors: multilateral donors and technical assistance agencies such as UNDP; bilateral donors such as SIDA, USAID and the French government; foundations and semi-autonomous government agencies such as the Ford Foundation, International Development Research Center (IDRC), and the Swedish Agency for Research Cooperation with Developing Countries (SAREC). The description highlights the particular approach of each donor and its implications within the context as defined in the first section. African organizations such as the ECA and the African Development Bank have not been surveyed.

Section 3 describes and analyses several particularly relevant examples of institutional development and the donor strategies that fostered those initiatives. Examples chosen are the Economic Research Bureau (ERB) at the University of Dar-es-Salaam, the Centre Ivoirien de Recherches Économique

et sociale (CIRES) in Abidjan, and the macro-economic research program developed by IDRC in East and Southern Africa.

The concluding part highlights the lessons and implications of the study and emphasizes the remaining challenges and how they could be addressed by the donor community.¹

I. The Context for Economic Policy Analysis

In the preparation of this study a great deal of material has been accumulated from donor agencies on the contextual factors that prevail in individual African countries, in regions and generally in sub-Saharan Africa. These factors influence economic policy analysis within government, parastatal organizations, universities and the private sector. The aim of this section, therefore, is to outline the generic issues from the donors' point of view without overly simplifying a complex topic. As a result the reader will better understand the context within which donor programmes (described in the next section) have provided support to economic policy analysis and research.

The Political Context:

A dominant factor is the difficult political context in which policies are made. It colours all initiatives and is held responsible for

¹ In carrying out the study, the author met with officials of the agencies involved and read documents available in the files of donor agencies, such as evaluations, trip reports, grant proposals and other similar material.

many inadequacies, including the lack of demand for policy advice, the low morale that prevails in many ministries of planning and finance, and the widespread neglect of statistical services and other elements of basic financial management.

The attitudes of those in power within increasingly authoritarian political systems are the root cause of the lack of demand for rational data collection, analysis, financial management and planning -- let alone independent policy advice from outside government. The elite in charge tends to be intolerant of scientific production in general and of policy analysis in particular. In addition, in most countries, no supportive public exists to provide recognition and to create a demand for social or economic research.

This issue must be faced squarely because it is serious and long-term. The only major consumers of policy research in many African countries are the government and international organizations. There are no mediating forces such as opposition parties, unions or informed groups of intellectuals or opinion-makers who discuss and debate policy options. Economic research focussed on the political economy of the country and its future directions can survive in Chile or Argentina under repressive régimes because those societies have long traditions of political and intellectual pluralism. Such is not generally the case in Africa. In effect, the spontaneous creation of independent centres of research and opinion is impossible in the context of most African societies today.

Moreover the demand from the government itself is often weak, although there are obvious exceptions. The major consumers of policy research and analysis remain international aid agencies and private consulting firms and banks. In many cases those same organizations also set the agenda and produce the research on behalf of governments with the help of expatriate experts or local consultants. As a result, the institutional production and consumption of policy analysis often bypasses government agencies or other potential producers of research such as university-based institutes.

Both censorship and self-censorship are common. Researchers outside government stick to relatively protected subjects such as programme evaluation, micro sectoral work, etc. Therefore, one general result of the political climate in certain countries is that economic research tends to avoid controversial, macro or national level issues which are simply politically taboo in the more repressive environments. Donors who want to support such research in those countries have three options. Either they have to encourage it within line government agencies only; they have to accept the fact that they must encourage research in a policy vacuum in the long-term hope that the capacity will stay in the country and be used; or they have to abandon support for national economic policy or other sensitive areas such as agricultural policy, and concentrate on strengthening institutions in less controversial sectors like health or education.

The Supply of Policy Analysts:

A second major issue, about which there is a broad general consensus among donor agencies, is the need to keep training as many economists, statisticians and other social scientists as possible. Some donor staff argue that the real challenge is to better use existing talent since there are plenty of good African economists. Most would agree, however, that as well as better using the current pool, the lack of a critical mass will continue for a long time in Southern, Eastern and Francophone Africa especially. This lack will necessitate a continuing expatriate presence for many years. In addition, leakage or brain drain to other countries and international organizations will continue, aggravated by the private gains accruing to Africans working abroad and to expatriates in Africa. Finally, institutional stability is inconceivable as long as demand for good economists so outstrips supply. The latter is lower in macro-economics than in other areas, so that building institutions will be harder in the area of national economic policy than in agricultural economics and rural development.

Individuals who enter government economic positions in the context of an obvious undersupply of highly trained people often are quickly promoted from policy or analysis jobs to administrative positions, lose their skills, or move to the private sector. The government must then turn to expatriates for advice and the vicious cycle continues. The institutional environment in government service, moreover, is often demoralizing. Low pay, a lack of other incentives, neglect by the political powers and the generally bad physical

working conditions discourage talented career-oriented economists from remaining in ministries of finance or planning. Thus circumstances often militate against the long-term sustainability of strong policy analysis institutions within the central government.

Bureaucratic Constraints:

Institutional stability, undermined by indifference or hostility from governments and battered by the rapid turnover of staff, is further threatened by the difficult working conditions, authoritarian management styles and administrative constraints prevailing in many agencies, institutes and university departments. In the universities of Eastern and Southern Africa, university regulations about administering research funds deposited in central accounting offices for the use of researchers are enforced in such a bureaucratic fashion that donor agencies have begun increasingly over the last ten years to channel funds to individuals. The latter have sought out consulting contracts on a private basis, avoiding the university administration. Yet while they facilitate their own access to consulting funds in order to supplement their own low salaries, they undermine the viability of the institutional frameworks within which they had originally hoped to function. Furthermore, by accepting contracts to do individual research commissioned by outside agencies, they dilute their efforts in many different intellectual directions and deprive both themselves and their institutions of coherent research programmes and intellectual continuity. The more successful institutions have struggled to integrate, with the help of

flexible donor support, research and consulting, university salaries and consulting income, within the research programme of the institution, in such a way that individuals receive a fair share of consulting income.

Other institutional factors triggered by the general environment and by donor approaches:

- a) Financial management of research institutions is often very weak (see below re the AGIR project of IDRC). In certain cases, international accounting firms have been retained by donors to train accountants and set up a proper book-keeping system.
- b) Most donors do not provide core funding. This lack forces institutions to live off project funding and often entails the neglect of their core research agenda and their physical infrastructure.
- c) The general economic deterioration of many countries in the last ten years has had a devastating effect on the physical resources of many institutions. Programmes of wholesale rehabilitation of equipment, libraries, and computer services are needed in government services, research centres and universities. Technical support staff need to be recruited and trained for maintenance, etc.

Institutional Fragility:

Given the above context, it is hardly surprising that talented individuals engaging in policy analysis often have very tenuous institutional links, especially if they are engaged in sensitive macro policy analysis.

Despite the weakness of institutions, key individuals do play important roles in many African countries as advisors and analysts to external agencies and their own governments. With the recent upsurge of international involvement in African national economic planning, professional economists from Africa are increasingly sought after to participate in World Bank and IMF missions and especially to provide macro-economic analysis and research as part of structural adjustment or stabilization financing. In the case of certain countries -- Côte d'Ivoire, Senegal, Tanzania, Ghana, Zambia and Zimbabwe for example -- academic economists, consultants, and a few key government staff are playing increasingly important roles as advisors -- sometimes on an informal or personal basis -- or as analysts to their own ministers of finance and planning. Such has long been the case in Nigeria, where there is a considerable pool of trained talent.

The essential point is that these individuals usually work as such, not as part of an institute of economic research (notwithstanding certain obvious exceptions such as ERB or CIRES) or a small government think-tank. Thus effective individuals and weak institutions co-exist in many African countries in the area of economic policy analysis.

This weakness, however, as explained above, is often a function of the general political, economic and bureaucratic context. It will only be overcome by far sighted and long-term efforts that combine institutional development, individual training and foreign technical assistance in programmes appropriate to the particular national context - see Chapters III and IV.

Let us now turn to what the donors have done and continue to do to improve the supply and demand of policy analysis.

II. The Donor Agencies

This short review of donor activities describes work intended to support institutions engaged in economic policy analysis and research by means of technical assistance, training, the provision of funding for research projects and other complementary activities. The latter include support to statistical offices and ministries of finance and planning intended to enhance the production of statistics and the routine management of the capital budget, recurrent costs and the national debt.

Although the main emphasis of the analysis is on the state of economic policy institutions in sub-Saharan Africa--institutions which usually have somewhat of an arms-length relationship to governments--the review also mentions government economic management for two reasons. The first reason is

that ministries should play an important role as providers of data for researchers and as consumers of policy advice. The second is that, since governments need their own in-house policy analysis, several donors have provided considerable support to central government agencies in an effort to improve economic management and planning and in the hope that in the longer run such ministries could develop analysis units. The experience of such support has provided certain donors with considerable insight into the economic management of African economies and into the strengths and weaknesses of technical assistance provided to ministries, agencies or specialized units. The lessons learned in this process are directly relevant to the challenge inherent both in improving the general national climate for policy analysis, especially on the demand side, and in ensuring institutional stability for economic analysis groups.

BILATERAL DONORS

French Aid

French efforts in Sub-Saharan Africa reflect the organization of research and planning in France itself where statisticians and macro-economists are trained at the Ecole nationale de la Statistique et de l'Administration Economique (ENSAE) for careers in the public service -- especially at the Institut national de la Statistique et des Etudes Economiques (INSEE), the planning ministry, finance ministry, etc.

Thus in the former French colonies, almost all the statisticians and economists in comparable institutes and ministries were trained at the Centre Européen de Formation des Statisticiens Economistes des pays en voie de développement (C.E.S.D.). This Centre is an integral part of ENSAE, most of the curriculum is identical and students take the same common core of courses as their counterparts at ENSAE, followed by specialized offerings on developing country problems

A tracer study of about four hundred C.E.S.D. graduates of the years 1963 to 1981 was carried out in 1982. It revealed that a large majority of the former students were working in the public sector within their countries (almost all African or North African) as administrators of statistical or economic units, as statisticians or analysts; only 6% were in university teaching or research. These statistics reflect very clearly the French tradition of training and the career patterns it establishes.

Thus in French-speaking African countries the pool of macro-economists remains in the central administration, with a few in parastatal institutes of statistics or applied economics. Very few work in university economics departments. Those in public administration are performing statistical or applied economic tasks as well as financial management within central ministries. On the whole, they are not involved in policy analysis or research. Independent centres for national economic analysis or policy advice, moreover, are rare in French-speaking Africa, notwithstanding certain obvious exceptions such as CIRES in Abidjan.

INSAE, INSEE and CESD have been instrumental in developing, on behalf of the French aid agencies, four strong regional schools of economics and statistics in Africa. These schools are located at Abidjan, Yaoundé, Kigali and Dakar. They have largely taken over undergraduate training in this field and the Abidjan School will start MSc. level training in 1989. None of these institutions is presently undertaking research or providing short-term upgrading or technical assistance. These schools constitute a resource that could be developed, however, for they are well connected to the state apparatus where their graduates are employed and could be as institutions within which policy research groups could be established.

The development of African institutions in the area of policy analysis has never been an explicit objective of French aid. The focus has been on training at C.E.S.D., on the development of the four schools of statistics and economics, and on technical assistance to the ministries involved in planning and financial management. The latter have received thousands of French coopérants and contracted technical advisors in the years since independence.

Most of the experts sent abroad are employees of INSEE or other government departments and graduates of INSAE and they work in African ministries or in the four schools mentioned above. In 1985, for example, seventy long-term positions in technical assistance were in place in Africa. Most were working in general statistical services, in training at the four

schools, in national accounts and in ministries of finance and planning. An analysis of those activities by the French Ministry of Finance, Division of Economic and Financial Cooperation, predicts that the need for technical advisors will diminish in statistical services as trained Africans take over. It is expected, however, that more planners and macroeconomists will be needed. The implication is that technical assistance at the macro-economic level will continue, indeed increase. It is noteworthy that already most French technical coopérants are not working in line positions in statistical or economic services, but rather as advisors (conseillers techniques) to ministers or senior civil servants. They are in a strong position to influence policy in those countries.

Discussions with senior individuals involved in the programmes described above yielded the following preliminary conclusions.

1. A cadre of young African economists now exists. They are working in consulting firms, in government and as professors at the four schools of statistics and economics. Few of them are in the universities.

Many of those in ministries have moved quickly to senior positions in planning or finance and have had little chance to practice their research skills--thus the continuing reliance on expatriate conseillers for much of the technical analysis and advice that feeds policy-making.

2. The lack of economic policy institutions to which governments may turn is a serious concern. Potential institutional settings for the development of policy analysis capacity include the four schools, line ministries and "institutes" of statistics that are essentially part of the state apparatus, a few quasi-independent research institutes, and certain national or regional schools of administration. The research institutes are largely sectoral in nature, however, mainly staffed by agricultural policy researchers. The schools of administration lack a research tradition, and have little capacity in macro-economics.

3. The principal challenge is to channel part of the pool of trained staff into units within one of the institutional settings available. Since most of these people are now in the public service of their countries, it is evident that manpower planning for the use of this talent will need to be initiated at the highest levels of government and will need the active encouragement of multilateral institutions and the French government. Given the low level of demand from policy makers in many countries and the subsequent political vulnerability of those who comment on economic policy, as well as the lack of private centres in this field, French officials stated it probably would be most logical to develop policy analysis in quasi-governmental or parastatal institutions (national or regional) that, like the statistical schools, have a track record and credibility already in economic training or public management.

SIDA (Swedish International Development Agency)

1. Public Administration: Like the French Government, SIDA has emphasized technical assistance to public management capacities in several African countries. Those programmes include activities pertinent to our study such as: placing an advisor (in collaboration with the World Bank) in the Ministry of Finance in Kenya; improving budget control, financial management and particularly debt management in Tanzania; providing assistance to statistical services in Lesotho and Zimbabwe.

These programmes are characterized by heavy involvement of Swedish agencies such as Statistics Sweden and the Ministry of Finance. A recent evaluation suggested that the following principles were the basis of such institutional cooperation:

- projects are long-term and coherent, with an emphasis on developing the overall infrastructure;
- project activities take place in both countries under the supervision of coordinators in each;
- technical experts (in contrast to, for example, many French coopérants) travel abroad for short periods only.

An evaluation of the experience concludes that the short term consultancy is on the whole preferable to a few long-term consultants and much more cost effective. Short-term advisors sent to coach local staff do not run the risk of doing the work themselves. In order to develop permanent capacities in government agencies, such programmes must continue over the long haul until a large local talent pool is developed. Donors, say SIDA officials, must be willing to stay with such programs for ten or fifteen years.

A basic characteristic of the Swedish institutional development approach are long-term arrangements between Swedish and African institutions. Thereby strong institutional links are forged. These provide continuity, stability and thus effectiveness in training, technical assistance and the general capacity building process.

USAID

AID support for economic policy analysis and financial management has been concentrated on the agricultural sector. This has been done by means of support to agricultural universities through Title XII and other programmes and through support to agricultural policy and planning institutions in eighteen Sub-Saharan African countries.

A recent evaluation of policy and planning projects since 1970 reviewed 40 African activities that had cost almost 130 Million to AID and 60M

to other donors; the sums included funds spent for data collection, survey implementation and training, as well as technical assistance, plant and equipment.

These projects had capacity building as an objective and included training of personnel as a major purpose. The evaluation reveals, however, that very few projects were designed specifically to analyze and bring about changes in defined areas of agricultural policy, and that policy reform itself was not usually identified as a key project purpose. Although important reforms were proposed and followed in certain cases, generally the rate of policy impact was low in Africa (22% of the projects). Reasons given included general neglect of agriculture by policy makers, difficult logistics, and especially the fact that the African projects were generally intended for institution building rather than policy analysis or implementation. Some of the lessons learned from these experiences included the following:

- real demands from decision-makers must be identified before the project begins and addressed as part of the project. Many projects suffered from a lack of contact with policy makers and tended to operate in a vacuum.
- analytical units must be built around decision-makers who have the ability and influence to bring about real change. Assistance to statistical services or other such functions may not result in contact with policymakers.

- incentives to keep qualified staff must be built into the project. Otherwise, qualified people will leave.

AID is now moving away from building up long-term planning capacity for its own sake and beginning to orient assistance towards the demand for specific reforms. AID hopes that, thereby, policy analysis will have a stronger impact, in part because policy makers will have been involved from the beginning in identifying the issues to be addressed.

MULTILATERAL DONORS

UNDP

In the 70's and early 80's, UNDP funded a series of technical assistance programmes in planning ministries in Africa. As some of these were carried out by the World Bank, they are not discussed in this review.

The UNDP has been considering the implications of further efforts to improve planning in the least developed countries, most of which are in Africa. Several preliminary studies were carried out in 1986, including two general analyses of planning in the anglophone and francophone African countries.

The report on English-speaking Africa raises several basic issues that are essential for an understanding of the needs of planning ministries and other central economic units and relevant to the economic policy making context in general. It stresses that generally macro-level policy analysis has weakened in the last ten years, partly because of a relative neglect until recently of capacity in this area, and partly because of a deterioration in macro-level data collection and analysis. Certain economic characteristics, moreover, have developed in recent years, such as high rates of inflation and the increase in parallel markets and informal sector activities, which have made it more difficult to interpret national data, so that the basis for planning and for policy analysis within or outside government remains weak. This is a serious concern that obviously needs to be addressed at the same time as donors consider how to rehabilitate policy research institutions.

It is especially noteworthy that the report laments the lack, in most countries, of a "think-tank, brains trust or council of economic advisors". The report goes on to suggest ways in which highly trained nationals could be recruited, motivated and maintained in such units.

Commonwealth Secretariat

1. The technical assistance arm of the Secretariat, the Commonwealth Fund For Technical Cooperation (CFTC) responds to requests from member governments for technical assistance and training in a number of sectors. The work of the Fund is divided into various programmes, groups and divisions,

several of which undertake work relevant to the subject of this study. Even though the CFTC is not a research donor in the sense of the Ford Foundation or IDRC, several programmes are pertinent to economic management and policy making, especially the Fellowships and Training Programme, the Technical Assistance Group, the Management Development Programme and the Economic Affairs Division.

The latter undertakes research on economic policy within the Commonwealth and is a source of considerable expertise on Africa; its staff includes several well known African economists. The Technical Assistance Group (TAG) has developed, with the assistance of IDRC, its own software for recording, analysing and controlling the national debt of small economies; it is being implemented in Botswana and Mauritius. The TAG is also advising Botswana on the restructuring of the Central Statistical Office, and on the reform of its macro-economic model. TAG is assisting several African countries in other related areas, including providing advice on petroleum contracts, mining policy, foreign investment codes, the rehabilitation of statistical departments, and the reform of the banking system.

The CFTC supports training in many fields, including statistics training at the East African Statistical Training Centre. In the management field, the CFTC provides technical assistance by sending about sixty long-term field experts to many countries in various areas including: finance, accounting, and tax administration; MIS and statistics; project management, economics and planning.

Several general conclusions emerged from discussions with senior staff responsible for these activities. The first was that little research of any kind, sectoral or national level, is being conducted at management institutes in Eastern and Southern Africa. The second is that the staff has been trained in management and sectoral analysis so that their strengths are in micro-economics. Yet, there is an obvious dearth of macro-economists in most national and regional institutions. The few that exist are scattered among universities, central banks, consulting firms and government ministries.

2. A related but separate activity is carried out by the Overseas Development Institute. Its Fellowship scheme, funded by the ODA in Britain, places each year twelve young economists for two years in the public sectors of developing countries. Between 1963-1985, 239 had been placed, and as of October 1985, twelve were serving in five Eastern and Southern African countries, mainly in national or agricultural planning positions.

FOUNDATIONS AND SEMI-AUTONOMOUS AGENCIES

The Rockefeller Foundation

Volumes have been written about the ambitious programmes of Rockefeller (and Ford -- see below) in the developing world. Rockefeller itself produced in 1982 a book entitled Social Sciences and Public Policy in the Developing World which contains a case study of its own experience as well

as articles on the state of social science in different regions. In the period 1961-1973, Rockefeller invested, under its University Development Programme, \$7.1 million in institution building grants to the universities of Makerere, Nairobi and Dar-es-Salaam. Institutions which remain today important potential resources for economic policy-making, were first launched by these grants. These include the Institute of Development Studies at Nairobi and the Economic Research Bureau at Dar.

The University Development Program set out to create centres of excellence, largely staffed by indigenous scholars and engaged in research and teaching relevant to local needs. Strong universities were needed, in the opinion of RF, in order to create new social and economic understanding of complex national issues. The Foundation's approach deliberately stressed long-term staff development, temporary appointment of expatriates, and support to applied research. These cooperative initiatives were seen in each instance as long-term Foundation commitments.

In recent years RF has not supported policy research institutions in developing countries in a major way. It has, however, been exploring for several years how it might make an effective contribution to the building of capacity in international economics in Africa. RF recently agreed to fund the secretariat for the consortium of donors created to continue the work begun by the IDRC macro-economic research programme.

SAREC (Swedish Agency for Research Cooperation with Developing Countries)

The bilateral research programme of SAREC in Africa has channelled support to research institutes in many scientific fields. In all cases, the funds were sent to national research councils which undertook the responsibility of distributing them to local scientists and institutions. The recent evaluation which marked SAREC's tenth anniversary recommended that this policy be changed and SAREC staff are now putting into effect mechanisms for supporting research directly.

Discussions with SAREC staff centered on their plans to develop a new programme of support in social science for Africa and their assessment of the potential of various institutions. The main general points that emerged were as follows:

1. A sustained effort at training is needed in the region, in the expectation that training as many people as possible will eventually pay off for these countries. It was pointed out how valuable many highly trained Zimbabweans have been to their country since independence. Hopefully, similar groups of skilled economists and other social scientists will eventually be able to play comparable roles in other countries where political conditions have rendered their influence virtually nil in recent years.

This approach raises an important point concerning demand. The assumption of SAREC, and to a certain degree that of IDRC and the Ford and

Rockefeller Foundations, is that demand will remain low. Eventually, however, as trained people enter positions in the private sector, the universities and government, an increased understanding of the nature and uses of research will begin to transform attitudes.

One must accept the reality that low capacity and low demand coexist. Donors need to develop innovative responses that build capacity (or the supply) of policy analysis within certain institutions at the same time as they devise strategies to enhance national (as opposed to foreign) demand.

The Ford Foundation

In the early days of Foundation activity in Africa, in the 1960's and early 70's, activities centered around two principal thrusts: improving the planning capacity of governments by the provision of high level policy advisors, and building institutions of higher learning to strengthen independent research and analysis. In the last ten years, Foundation support for ambitious capacity building activities within government ministries has ceased. Support continues, however, for training and research in agriculture, rural development and economics in universities and research institutes in many countries, especially the Sudan, Kenya, Tanzania, Cote d'Ivoire and Senegal.

In the beginning at Ibadan in Nigeria and in Kenya, as well as in Uganda and Tanzania, Ford support complemented that of the RF University

Development programme. The two Foundations essentially created many of the university institutions that remain today key centres of expertise, such as the agricultural faculty at Ibadan, the University of Nairobi, and the ERB at Dar. The work in more recent years has stressed both training and research and considerable investments have been made. Ford continues to support research and staff development in the rural social sciences and economic policy making, often in cooperation with IDRC and other donors and using other strategies. Two of the six programme areas that emerged from the reorganization of the Foundation's activities in the early 1980's are rural poverty and resources, and international affairs. Within these programs, the Foundation continues to support research in the rural social sciences and in macro-economic policy.

At the University of Nairobi, the Foundation is currently supporting a staff development programme in international economics. Like IDRC, the Foundation stresses how important macro-economics have become for the region and how poorly equipped local institutions are to deal with such issues.

In Nigeria, the Foundation supported institutional capacity for economic analysis by providing training and technical assistance to economic planners from 1973 to 1981 under a grant to the Ministry of Economic Development. The University of Ibadan received grants in support of food policy analysis in 1979 and a grant enabling the economics department to develop an econometric model of the Nigerian economy was also made.

Subsequently, the Foundation helped the University establish and develop the Centre for Econometric and Allied Research (CEAR) where the modelling exercise was centered.

The bulk of Foundation support for economic research and policy analysis, however, is still channelled to the support of research and training on rural and agricultural issues. Current grants include, for example, support to the University of Nairobi in order to improve the quality of local graduate degree programmes by funding a visiting professor, fellowships, seminars, etc.

The most significant recent development in this area is Ford's decision to support the training, research and networking activities of Winrock International in Africa. The Nairobi programme includes funding for a Winrock associate in the department of agricultural economics for three years, in the hope that enough donor funding will be forthcoming to maintain the programme for ten to fifteen years. On the basis of the A/D/C experience in Asia (Winrock has absorbed A/D/C), Ford officials are convinced that a similar effort at institutional development through networking, technical assistance, research grants and training will yield good results in Africa, if it is sustained over the long haul. Ford therefore provided in 1985 an initial three year grant to Winrock for a rural policy network in Africa. Research themes include macro-economic issues in agriculture, pricing policy and international trade. The networks, like those of IDRC, hope to encourage comparative studies, foster communication among isolated researchers and

develop case studies and course materials on African problems.

The International Development Research Centre (IDRC)

The International Development Research Centre is a Canadian public corporation whose mandate is the support of research on applied development issues in developing countries by scientists from those countries. The Economics Programme of the Social Science Division has supported approximately fifty projects in sub-Saharan Africa over the last eight years, mainly in the agricultural sector.

In order to overcome many of the institutional and other barriers to carrying out good policy research in Africa, IDRC has concentrated its support increasingly on networks of two types.

The first model is the small grants scheme where individuals are supported and provided with technical coaching to undertake small research projects within a fairly broadly defined field, such as rural economy. Since many individuals, especially recently returned graduates, are working by themselves without colleagues in their field in small or weak institutions, these programmes attempt to sustain their skills and to prepare them for more ambitious work.

The second type of network is exemplified by the macro-economic analysis programme described below. This initiative, and another one in

contract farming, provide support to groups of researchers working on one or several topics within a region. The researchers in the macro network are studying exchange rate policy, financial instruments and modelling; as outlined below, considerable technical and other support is provided, including workshops, bibliographical material, meetings with government officials and the involvement of internationally recognized experts in the field.

IDRC has found, therefore, that the typical project mode of funding applied research often does not produce results in Africa; institutions often lack the capacity to provide environments conducive to research. Individuals and groups therefore require from the donor agency imaginative approaches that provide many of those elements, such as access to recent literature or peer interaction, that research centres in other regions are equipped to supply. Funding per se, therefore, is not the main requirement in many cases; it must be accompanied by other inputs, as required.

A major conclusion that emanates from the IDRC portfolio of economic policy projects is that the strongest research base, whether of individuals or in institutional capacity, is undoubtedly in agricultural policy and often at a sub-sectoral or relatively micro-economic level. This general situation obviously reflects national priorities and past donor training support. In the case of certain countries where policy research on crucial national or sectoral issues like prices for cereals or inputs would be

politically impossible, researchers concentrate on micro issues, on programme evaluation or on descriptive analyses of broad issues like rural development.

Thirdly, IDRC has provided substantial support for CIRES in the Ivory Coast. The rationale for this programme of institutional support, shared with the Ford Foundation, is outlined below.

Another IDRC initiative that deserves mention is a project designed to improve the management of research institutions in the Sahel, known by its French acronym AGIR. This ambitious undertaking, pioneered by IDRC but now involving ISNAR, CIDA and other agencies as well, is now in its second phase at a cost of almost three million Canadian dollars. Essentially, it is based on the increasingly evident conclusion that many research institutions in the Sahelian region do not have the management capacity to administer donor funds. The programme set out therefore to analyse the weaknesses of 23 institutions and in its second phase will provide technical assistance and training in order to revamp the internal administration of 12 institutes in the following areas: general research administration; budget and accounting systems; internal administrative procedures and procedural manual; personnel management system; purchasing and supply system; and overall structural reform.

III. Experiences in Institutional Development

The Macro-economic Analysis Programme. A very enlightening experiment at capacity building and networking of small groups in macro-economics on a regional basis is the IDRC "Macro-economic Analysis Programme". It is a very important initiative in that it has met the perceived needs of researchers in the region for continuity, collegiality, dissemination and even impact on policy that they cannot obtain under present circumstances in their own institutions. An analysis of it reveals therefore the kinds of programme elements that would be needed if an effort were launched to build institutional capacity. Although the network operates only in Eastern and Southern Africa, the example is also highly relevant to West Africa.

An examination of the project documentation and a recent evaluation indicate that its original aims were successfully met in the first phase. The objective is to support research on issues such as macro-economic and financial instruments, modelling, institutional factors like parallel markets and underlying "structural" factors in the economy. In order to reinforce the rigour of the projects undertaken by the small groups and individuals in the network, an array of technical assistance and other complementary activities has been organized for the benefit of the network. These inputs include:

- Administration of the programme from the IDRC Regional Office in Nairobi, freeing the researchers from the bureaucratic and political constraints of their own institutions.
- Technical and logistic support, based in Nairobi, from a network coordinator, and from the IDRC economist responsible for the project.
- Provision of survey papers on key issues and of current published research not usually accessible in the region.
- Periodic meetings to prepare proposals, discuss results and share experiences. These permit peer review, discussion of methodology and the definition, by local researchers, of their own agenda and methodologies -- a very important point in a region where the agendas are usually set by international agencies.
- Senior researchers knowledgeable of the region attend periodic meetings of the network, as do senior World Bank and IMF staff.
- Policymakers are involved as much as possible, especially by attending national workshops.
- The revival of the Eastern Africa Economic Review as a means of stimulating discussion and diffusing results in a region where

national journals have all but disappeared.

The programme has recently been reorganized under the aegis of a consortium of donors and Rockefeller has taken over the role of implementing agency from IDRC.

The Economic Research Bureau. The Economic Research Bureau of the University of Dar-Es-Salaam constitutes, in combination with the Department of Economics, one of the strongest sources of economic policy research and analysis in Eastern Africa.

A recent evaluation traces three main phases of Bureau development. The years 1965 to 1971 were characterized by vigorous research activity and a close working relationship with the government. The Bureau fell on hard times beginning in 1971/72: RF phased out its support, senior staff left and research output declined dramatically. Then began in 1979/80 a period of reconstruction that continues today. SIDA provided substantial resources for technical support and PhD training at Lund University of 14 economists from the Bureau and the Economics Department. As those staff return, they and their colleagues at the Department will constitute a significant pool of talent.

Officials at SIDA and at the University of Lund emphasized that the programme is taking considerably longer than originally planned and they expect it to continue till 1990 or longer. In short, they emphasized, donors

must be prepared to undertake long term programmes of staff development.

The Swedish officials also stressed, as did the evaluation team that reviewed the ERB in 1984, that it is not enough to train one cohort or even generation of economists. Policies must be put in place to maintain this nucleus of highly trained but inexperienced economists, to develop and motivate it and to use it as much as possible in productive research.

A basic challenge is to institutionalize permanently some of these elements provided for the short-term by Lund or the IDRC macro network: access to recent literature; interaction with colleagues in other institutions such as government agencies and other universities; sabbaticals or periods of retraining; secondments to parastatal organizations, national banks, etc.; opportunities to attend conferences in neighbouring countries or abroad. Given the lack of senior Tanzanian economists working at the University, senior expatriate personnel should be provided, probably for short-term assignments to give courses on methods, review specific problems, provide state-of-the-art lectures, etc. Many of these elements are now provided at Dar by the Lund programme. The latter will end eventually, however, and some mechanisms must be found to provide such inputs from the international donor and academic community concerned with the development of permanent national analysis capacity in African countries.

If the recently returned graduates are to remain in research, they also need to enjoy sufficient incentives to stay within their institution as a

part of a team of professionals working on serious research that in the medium term will provide a useful source of knowledge and advice for their governments.

One way of ensuring institutional stability with individual incentive is to employ an income-sharing scheme, as does the ERB. Thus consulting assignments are only accepted if they involve serious work of relevance to the institution's criteria and current priorities. Consulting income is divided among the researcher doing the work (20%), other individuals (30%) and 50% goes to the Self-Reliance Fund of the Bureau (or the Economics Department, where the same system prevails). The fund thus constitutes an important group source of support for institutional priorities generated by the ERB itself.

The Lund programme has provided an increasingly important source of both staff support to replace those on training leave (two Lund staff are at Dar on a regular basis), and essential material resources such as the printing of research papers in Sweden, the publication of proceedings, journal subscriptions, office equipment and stationary, two vehicles, as well as a general fund for the support of research.

Finally, it should be stressed that all the above points are especially relevant to the training and support of researchers in macro-economics and financial management. The dearth of high quality research on macro-economic management issues, despite their crucial importance in

recent years, has led the ERB and the department into this area. The evaluation team suggested a new relative concentration upon macro-economic and financial research of the type most useful to the Treasury, Planning Ministry, etc.

C I R E S

Achievements

The Centre Ivoirien de Recherches Économique et sociale was founded in 1971 as a research centre within the Université Nationale of the Cote d'Ivoire. In 1987 it had seventeen researchers, six with American PhD's, the rest with higher degrees from France; several others were still working toward PhD degrees in the U.S. Fourteen other staff called "teacher-researchers" are also associated with the Centre, six of whom hold American PhD's.

A consortium of donor agencies, essentially Ford and IDRC, has channelled support directly to CIRES and via an intermediary, Winrock International. The activities of Ford and IDRC have constituted, since 1979, a deliberate attempt at institution building by providing integrated support with the following components:

- support to doctoral and post-doctoral field work studies. These individual awards were instrumental in developing a cadre of

highly trained staff. Fifteen studies were completed.

- support for a Winrock associate, a Canadian agricultural economist, whose presence has been very important to the development of CIRES.
- funding for the journal Cahiers du Cires.
- forthcoming support for the library and the establishment of a regional documentation centre in economic research.
- flexible and rapid provision of support to other, related activities when needed. Examples of initiatives include: a national seminar on the organization of the 1983 triennial meeting of the West African Association of Agricultural Economists; translation of the review of literature on agricultural development in Sub-Saharan African prepared by Carl Eicher and D. Baker; a curriculum development workshop to plan the recently implemented regional 3ième cycle graduate programme in rural economy.

Present development plans call for CIRES to continue, despite certain constraints and problems, doctoral training begun in 1985. This rigorous three year programme of study includes extensive course work and field research. It is intended for students from the region as well as

nationals. In the first year of operation, seven Ivoiriens and two others were accepted.

CIRES staff members are active over a broad range of socio-economic issues. In July 1987, research activities were reorganized into three programmes: Rural Economy; Human Resources; Development Strategies and Macroeconomic Problems.

CIRES therefore has made remarkable progress as an institution. It has managed, in addition, to achieve two measures of success rare in Africa: regional influence and policy impact.

It has had a regional impact by involvement in the coordination of research, its translation of the book cited above, its technical assistance to other centres, and its participation in networks co-ordinated by IFPRI and UNRISD. Its bilingual staff, trained in both European and North American traditions, constitutes a unique resource and a strong potential base for research and training. Given the weakness of social science generally and economic research in particular in most French-speaking countries of the region, it makes eminent sense for CIRES to develop as a regional centre of excellence. The problem of the small relative size of most of the countries in the region and the weakness of existing institutions would seem to militate in favour of one or two strong regional centres in the French-speaking countries.

The Centre has also developed, thanks largely to its own lobbying, a sound relationship, if uneven at times, with its own government. Its influence has been especially felt in the area of food marketing and pricing policy where government practices now benefit from basic research and policy advice from CIRES. It has also developed for the World Bank and the Ministry of Planning a general equilibrium model of the Ivoirian economy and is working on an industrial sector study for the Bank and the Ministry of Industry.

The Present Challenge

Despite the above, difficult problems remain which will require the same patience, care, sensitivity to local needs and donor collaboration that have permitted it to grow into its present strong position.

Personnel: Motivation is the main issue here. There is no established career trajectory for researchers within CIRES. They retain the status of chercheur, are promoted slowly and depend on outside, international funding for their access to research funds and thus intellectual stimulation and professional rewards. Since research donors do not usually pay salary-supplements, they must turn to consulting for this. The Centre is now considering how to pool its consulting income in order to reward its more productive members.

Such strategies are difficult to implement, however, since personnel planning, the selection of new staff and salary levels are

determined by the University and the Ministry of Scientific Research and are largely out of the hands of CIRES. As well as its core of chercheurs, who do research full-time and constitute its stronger members, CIRES also has enseignants chercheurs who are members of the University staff and whose career path is well delineated. The latter path, moreover, is preordained by government norms; promotion is largely automatic, and independent of one's research track record. There are few career incentives for the better researchers to remain in the institution in the long run and levels of personal commitment may become dangerously low unless key issues such as the lack of a research career pattern, low remuneration and few rewards are addressed squarely soon.

Resources: Every two or three years the major grants to CIRES are renegotiated and renewed with Ford and IDRC. Moreover other donors do not provide core funding, only contracts for specific research projects. It is thus very difficult for CIRES to plan a long-term coherent research programme.

The Research Program: The institution has experienced difficulties in recent years in defining the relative importance that should be accorded to agricultural policy in its programmes.

Infrastructure: Support is still needed to improve the library and documentation centre, the physical infrastructure generally, the computer system and budget management.

IV. Lessons and Implications

Given the difficult and at times hostile environment facing policy researchers as individuals within many African countries and the problems that tend to undermine institutional stability within core ministries, parapublic bodies and academic institutions, it is obvious that there are no simple answers to the continuing need for institutional development. Some basic lessons do emerge, however, from an examination of the approaches of donors and from their own evaluations of their successes and failures.

a) All the donors agree that there is a continuing need for support to institutions of policy analysis and that this need will prevail for many years to come. It is evident that the high expectations of the 1960s and early 1970s, namely that a concentrated effort at training and technical assistance over a few years would yield strong, self-sufficient and stable institutions, have not materialized.

b) Although many individual researchers are receiving support and quite a few university departments and centres receive project financing, only a few arms-length institutions are receiving long-term core support from donors. With the exception of SIDA and to a certain extent AID, bilateral donors have concentrated on technical assistance to government policy units. Foundations and semiautonomous agencies have developed policy analysis institutions but very few in number. Present donor plans foresee continuing

support to those centres such as CIRES and ERB with which they are presently involved as well as continuing programs of small grants to individuals and modest project funding to university departments.

c) In continuing to provide support of various kinds over the long run, however, donors run a very serious risk of institutionalizing dependence upon technical assistance. Therefore, programmes must be created which foster local policy analysis capacity at the same time as they phase out technical assistance. Generally speaking, Foundation support to arms-length institutions has been more effective at long-term capacity building than bilateral or UNDP support to government policy units.

d) Demand for policy analysis is often low. This occurs in part because policy is often perceived exclusively as part of a political process and technical inputs are often ignored. In order to build bridges between politicians and senior civil servants, therefore, donor support to research needs to involve policy-makers. If possible, the process of consulting and briefing politicians and permanent secretaries on the uses of policy analysis should influence the setting of priorities and should be built into all efforts to improve policy-making.

e) Notwithstanding the above, there will be political circumstances within which such a process is impossible in the short term. In such cases, donors need to accept the value of capacity building, or at least the maintenance of existing talent within the country, as a useful exercise in

itself. Indeed the need to prevent the destruction of existing capacity must remain a priority for the donor community.

f) The approaches of different donors in various countries and regions reflect both the diversity of circumstances across countries and institutions, and the varying agendas and constraints of donors. The international donor community, therefore, has at its disposal a broad spectrum of instruments which can be brought to bear to improve and sustain policy analysis institutions. Donor coordination is needed, however, to ensure that each agency uses effectively its own comparative advantage and that donor activities do not operate at cross purposes. Pooling of resources also yields intellectual pluralism within the recipient institution. If a spectrum of donors is involved in helping a young institution, it is easier to stress the process of policy formulation and choice.

It is especially important that in the area of macro-economic analysis, where competent researchers in most countries are few indeed, that donors not lose sight of the long-term objectives of institutional improvement and continuity. Institutional research programmes need to be carefully planned, coherent and intellectually rigorous. If individuals are constantly tempted away by short-term consultancies for international organizations, then institutional viability will suffer accordingly - and the results of the research will influence the donor, rarely the African policy-maker or his government. Donors need to support the generation of policy analysis within African institutions for use by African governments rather than the

commissioning of research by donors for donors.

g) The discrepancy between the presence of talented individuals and the weakness of institutions has been stressed in the study. There are obviously many ways to support research and policy analysis and many inputs that can be integrated into programmes, including various forms of training and technical assistance. The most successful in current circumstances, are initiatives which, taking all the factors and circumstances outlined above into account, include some or all of the following elements:

- Long-term coordinated commitments by the donor and the recipient are crucial. The Swedish commitment to ERB and to statistical services in Tanzania and Zimbabwe is based on an assessment that a long-run programme is essential in order to build and above all maintain capacity; the experience of IDRC and Ford at CIRES confirms this analysis. Successful long-term initiatives often take the form of quasi-permanent twinning arrangements that create strong institutional links, mutual confidence and stability.
- Highly trained staff need to be motivated. Incentives can be built in, like the income sharing scheme at ERB and other nonfinancial incentives like interaction with international peers, provision of current literature, a proper physical environment and support services. If the necessary incentives cannot be provided by the national government because of civil service constraints,

then donors could provide salary supplements and other perquisites in order to maintain individuals in a sound institutional base.

- Training of new generations of policy analysts is an integral part of the programme. One shot approaches to training a single cohort have usually failed both at producing enough people and at ensuring that long term training programs are continued by African governments themselves. Donors therefore must continue to buttress local M.A. training and to support Ph.D. training abroad.
- The programmes include provision for publishing, dissemination and other means, such as seminars on research priorities with policy makers, to stimulate demand. The interventions are explicitly based on the premise that only nationally generated policies have the potential to be taken seriously and implemented.
- Foreign technical assistance in the short term to advise government policy units remains essential. It is best designed, however, to enhance the process of policy making, not to make policy. Foreign advisors are to be integrated into local institutions as trainers or coaches. Given the failure of many such attempts in the past, it is noteworthy that the more successful examples are often part of the institutional twinning arrangements referred to above. Technical assistance is only part

of a larger, carefully considered programme of institutional development, tailored to local needs, with the emphasis placed on ensuring that local policy analysts themselves do an increasing share of the work and that long term dependency on foreign advisors is avoided.

- Donors have had more success when concentrating their resources on a small number of institutions or types of programmes. It is especially evident that only a few countries can sustain large centres of excellence, given the difficulties inherent in the general political and economic climate and the formidable challenge of long-term institutional stability. Smaller countries should perhaps be thinking above all of emphasizing the rehabilitation of statistical services and economic and financial management. A small policy analysis unit within a planning or finance ministry would be sufficient and could interact with large regional or national centres nearby.
- Donors have had little success with regional institutions in Africa and tend to feel that the stronger national centres, such as CIRES, can de facto play a significant regional rôle, even if they remain de jure national institutions.
- Other institutions that bilateral donor agencies feel could play an important role are the four schools of statistics and economics

in the French-speaking countries and several institutes of management and administration. The latter are perceived as closer to government than universities and less politically vulnerable. They could be encouraged to treat broader economic analysis capacity, expanding on their present micro and sectoral skills.

Foundation staff feel that a combination of a few large institutions playing a regional rôle in coordination with networks of research and technical assistance (cf. Winrock, IDRC), constitutes the best strategy for building local capacity and for addressing national and regional research and training needs. Considerable donor coordination of assistance in the form of technical support and logistics is still needed to sustain these networks; e.g., Ford, IDRC, Rockefeller, the Bank and others are supporting the macroeconomic consortium.

It is evident that the donor agencies which have been supporting policy analysis institutions share many of the same concerns and are searching for ways to overcome the failures of the past. There is broad agreement on the nature of the problem: that despite 25 years of technical assistance, support for training at all levels and provision of facilities and hardware, the continent still lacks qualified economists to staff existing institutions and that many of the latter remain weak and isolated from policymaking. Now is the time to exploit the lessons inherent in past successes and failures and to encourage new actors in this area, such as the World Bank to consider how

they can facilitate coordination and match their considerable resources, experience and leverage with the historical perspective of the foundations and the bilateral agencies.

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